

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular Letter No. 19

27 October, 2013
Date: -----
12 Kartik, 1420

All bank companies working in Bangladesh.

Dear Sir,

Contractual appointment of Advisor and Consultant in a Bank-Company.

Sometimes banks need to appoint contractual advisor and consultant in addition to the permanent posts in the organisation structure for performing any special or specific task. It is desirable to conduct such contractual appointments under specific guidelines. Therefore, banks are instructed to follow the guidelines stated below while appointing advisor/consultant:

A) Appointment of Advisor:-

1. Experience and Suitability: For appointment as advisor, the concerned person will have to fulfil the following requirements with regard to experience and qualifications:

- a) Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities;
- b) Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person;
- c) Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/Official of any company;
- d) A person who is working in any bank or financial institution or who has business interest in that bank will not be considered eligible for appointment to the post of advisor;
- e) Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated an insolvent by the court.

2. Responsibilities: The responsibilities or terms of reference of advisor should be specified. The Advisor can advise the Board of Directors or the Chief Executive only on those matters that are specified in the appointment letter. Routine works or general works will not be included in his term of reference. He can't exercise any kind of power or can't

participate in the decision making process of financial, administrative, operational or any other activities of the bank.

3. Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The nominated person has to make a declaration as per Annexure-ka. This declaration must be also submitted to Bangladesh Bank.

4. Remuneration and other facilities: The post of advisor is not a fixed or substantive post in the bank's organisation structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with terms of reference of the advisor will not be considered as acceptable by Bangladesh Bank.

5. Tenure: The tenure of the advisor shall be maximum 1(one) year, which is renewable. An evaluation report (by the chairman that is approved by the board of directors) of previous tenure should be submitted to Bangladesh Bank along with the re-appointment proposal.

6. Appointment of Ex-officials: For good governance any former director, chief executive or any official will not be eligible to become an advisor in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as advisor.

B) Appointment of Consultant:-

1. Terms of Reference: Consultant can be appointed for specialised tasks like tax, law & legal procedures, engineering & technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.

2. Responsibilities: The responsibilities or term of reference of consultant should be specified. He/she shouldn't be involved beyond his/her terms of references and he/she can not exercise any kind of power in bank operation or can not participate in the decision making process.

3. Appointment: Consultant can be appointed with the approval of Board of Directors. After such appointment the bank shall send the consultant's complete resume, terms of reference and details of remuneration to Bangladesh Bank immediately.

4. Tenure: The tenure of consultant should be consistent with the terms of reference, but would not exceed 2 (two) years. Generally, consultant's appointment will not be

renewable, but to complete unfinished tasks, the contract can be extended up to maximum 1 year with the approval of Bangladesh Bank. An evaluation report (by the chairman that is approved by the board of directors) of previous period should be submitted to Bangladesh Bank.

5. Remuneration/honorarium: The consultant's remuneration should be in the form of monthly or single lump-sum payment, he is not entitled to any other facilities.

6. Appointment of Ex-officials: For ensuring good governance any former director, chief executive or any official will not be eligible to become a consultant in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as consultant.

This circular is issued with the authority vested under section 45 of the Bank Company Act, 1991, which shall take effect immediately. However, the provision of this circular will not create any obstacle to complete the tenure of existing advisors & consultants.

After this circular becomes effective, BRPD Circular Letter No.16 dated: 09 August 2003 and BRPD Circular Letter No.7 dated: 18 September 2007 will be treated as void.

Yours faithfully,



(Saiful Islam)

Deputy General Manager

Phone: 9530155

Letter of Declaration

A. With reference to BRPD Circular Letter No.19 dated 27 October 2013 issued by Bangladesh Bank, I do hereby declare that -

a) I am eligible to become an Advisor of Bank Company as per the stipulations of the aforesaid circular;

b) I have never been removed from the post of Chief Executive, Chairman or Director of any company.

c) I am not a defaulter of loan or tax and never been adjudicated a bankrupt by a court.

B. Moreover, I do hereby declare that if I am appointed as Advisor ofBank Ltd, any case or documents presented for my consideration or any kind of information come to my knowledge in the course of my duties I will not disclose it directly or indirectly to any person; unless, it is necessary for performing my duties or instructed by the rules & regulation of the country or authorised by the Board to do so.

Signature:

Name:

Date:

Witness:

1.

2.