

BANGLADESH BANK

HEAD OFFICE

DHAKA

FINANCIAL INSTITUTIONS DEPTT.

FID CIRCULAR NO. 04

Dated: 09 July, 2003

Chief Executive

All FIs in Bangladesh.

Dear Sir,

Appointment of Alternate Directors in FIs

If a Director of a Financial Institution stay outside Bangladesh for a continuous minimum period of three months FIs may appoint an alternate Director like that of other companies, in place of the original Director in compliance with Article 101 of Companies Act, 1994.

In order to ensure proper implementation of the provisions of the existing law, FIs are advised to follow the instructions enumerated below for appointment of alternate Director in their institutions:

01. In order to ensure observance of the instructions contained in Article 101 of Companies Act, 1994 regarding appointment of Alternate Director, the FIs should be responsible to collect, preserve and confirm the documentary evidence of going abroad and return of the main Director concerned. Deviation, if any, should be brought to the notice of Bangladesh Bank immediately by the CEO of the concerned FI.
02. Decision of the concerned Board Meeting appointing an alternate Director as per Company Law should be forwarded to Bangladesh Bank within seven days from such appointment and as also the approximate date of return of the original Director. The actual date of his return should be made known to Bangladesh Bank immediately after he comes back.
03. No loan defaulter or a person unfit for appointment as a Director of a Financial Institution as per Regulation 25 of Financial Institutions Act, 1993 or any other rules, regulations or directives, is allowed to be appointed as an Alternate Director.

04. Since appointment of an Alternate Director is a temporary arrangement, an alternate Director shall not be appointed as a member of any committee formed by the Board of Directors of the FIs.

05. In the course of functioning as an Alternate Director, he/she would be neither entitled to receive any loan in his own name nor in the name of his sister-concerns, the limit or repayment schedule of the previous loan could not be extended and any exemption or suspension of application of interest to any of his/her loan can be made. Besides, all other rules, regulations & directives as applicable to the directors of FIs are equally applicable to the Alternate Directors also.

06. The above instructions may please be placed to the next Board Meeting for information.

This Circular is issued under Section 18(Chha) of Financial Institution Act, 1993 and will have immediate effect.

Please acknowledge receipt.

Yours faithfully,

Sd/-

(Md. Yasin Ali)

General Manager.

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