**MINIMUM EXEMPTION REQUIREMENTS FOR FINANCE/ LEASING ENTITIES**

**1. PRELIMINARY DOCUMENTS**

* 1. **­­­­­­­­­­­­­­­**Application letter on company letterhead indicating interest/intention to apply for a Finance exemption, containing the names of the Applicant, postal address and email address.
	2. A certified copy of Certificate of incorporation for companies, certified copy of business registration for business and company extract from CIPA
	3. Proof of BURS registration (company tax certificate)

*No applications will be accepted from Trusts.*

 **2. OWNERSHIP & MANAGEMENT**

2.1 Resolution of Board/Directors to apply for a Finance or Leasing exemption, to state the proposed

 Principal Officer and AML/CFT Compliance Officer

2.2 Individual shareholders, members of board of directors, senior management, Principal

Officer, AML Compliance Officer, Chief Finance Officer and Chief Executive Officer should submit:

1. Personal questionnaire - Available on NBFIRA website
2. SV Form 1 - Available on NBFIRA website
3. Certified copy of national ID/Passport for non-citizens;
4. Work and residence permit for non-citizens
5. 2 passport size photos
6. Copy of CV/Resume
7. Certified copies of academic and professional qualifications
8. Individual Bank reference
9. Original copy of Police Clearance from country of residence where Individual

stayed for six months or longer

**\*All of the above are to have been certified/updated not more than six (6) months prior to submission**

All vetting documents being from any other jurisdiction outside Botswana will need to be notarized and authenticated by a duly registered Notary Public.

*Controllers and Key persons are required to meet the Fit and Proper Rules, 2017(Available on the NBFIRA website)* <http://www.nbfira.org.bw/fit-and-proper-rules-3>

*All forms are to be downloaded from the NBFIRA website* [*www.nbfira.org.bw*](http://www.nbfira.org.bw)

*Where shares are held by unnatural persons, shareholders should submit an Affidavit declaring the details of ultimate beneficial shareholders, which should include names of institutional shareholders, the full names of natural persons who are beneficial owners of shares in the institutional entity and their respective percentage shareholding*

2.3 Proposed organizational structure- The Role of AML/CFT Compliance officer and

 Principal Officer must be identified on the organizational structure. The AML Compliance

 Officer must comply with the directive for the AML/CFT Compliance Officer. Link below

 <https://www.nbfira.org.bw/sites/default/files/AML%20desig.pdf>.

*The AML/CFT Compliance officer shall ensure the entity complies with the provisions of the Financial Intelligence Act, and the Principal Officer shall ensure compliance with other financial services laws. The Chief Executive Officer, AML/CFT Compliance Officer and the Principal Officer should be full-time employees of the Finance or Leasing company.*

2.4 Where the applicant is a member of a group of companies, a group corporate structure

 showing all the subsidiaries and related companies should be submitted.

3. **MINIMUM FINANCIAL REQUIRMENT**

* 1. Proof of financial liquidity – **P50 000** to be maintained at all the times by the Finance or Leasing

company. A certified bank statement in the name of the applying company should be submitted.

* 1. All sources of income or funding should be fully disclosed by submitting documentary

 evidence which may include copies of the facility letters and shareholders loan agreement

**4. BUSINESS PLAN.**

The Business Plan should include but not limited to the below:

* 1. **Identifying Information:**
1. Name and location of the applicant which should include the physical

 addresses of all branches.

1. A brief background of managers and owners of the applicant
	1. **Market Analysis**
2. Identification of the market(s) to be served by the applicant
3. SWOT Analysis
	1. **Business strategy and objectives**
4. Brief description of the products and services to be offered by the applicant, which should

 include loan threshold, loan term among others

1. Breakdown of charges i.e. interest rates, administrative costs, any other charges, and the

 justification of the charges

1. Discussion of the major strategies to be implanted by the company to enable it to achieve

 its objective

1. Payment Collection methods
	1. **Financial Performance**
2. Financial projections and forecasts for a minimum of three years from commencement date.

 This should include an income statement, balance sheet and cash flow statement.

1. Key assumptions considered to be of importance to the institution’s operations. The

 assumptions should include the following:

* Inflation supporting projections
* Market interest rates
* Institutions projected lending rates
* Bad debt ratio
* Economic growth

4.5 Audited financial statements for company- for the year immediately preceding the application

 (Where applicable)

4.6 Any other business information

**5. OPERATIONAL POLICIES AND PROCEDURES**

5.1 **Comprehensive Complaints Policy and Procedures** Manual – Proposed dispute resolution and complaints guidance (after approval of exemption it has to be displayed prominently at the entity’s business premises). This should include details of the person who will deal with complaints and the time it will take to resolve the complaint. It must include referrals to NBFIRA pending resolution. The same to include a complaints register

5.2 **AML and CFT Policy and Procedures** to ensure that it has adequate internal anti-money laundering policies, controls, guidelines and training programs upon commencement of business that will prevent criminals from laundering proceeds obtained from criminal activities. This should comply with Section 12 of the Financial Intelligence Act and Regulations of 2022.

5.3 **Standard Loan Forms** which the institution intends to use. They include loan application, loan agreement or lease contracts.

5.4 **Service Level Agreements** (if any) - Where the applicant seeks to use agents or other third

 parties to provide services, applicant to provide details and copies of the contracts (where

 applicable).

*All applicants are encouraged to read and acquaint themselves with the NBFIRA Act, 2016 and Financial Intelligence Act, 2022 as they will be required to comply on an ongoing basis with the obligations stated therein.*

*Finance or Leasing business should operate from formal business premises. They shall not operate from premises that are also used for residential purposes. A lease agreement should be submitted to NBFIRA for the head office and all branches 5 days within resumption of business operations***.** .

**Applicants should note that any falsification and misrepresentation of facts would not only lead to denial of the applied exemption.**

**6. THE EXEMPTION PROCESS**

6.1 The applicant will be required to firstly submit all documents listed under point 1(Preliminary Documents) to gain access to the RBSS web portal which will enable the applicant to make a full submission as per the requirements.

*Note: Application are* ***ONLY*** *processed on the RBSS Portal*

6.2 Upon receipt of a complete application on the RBSS Portal, NBFIRA shall within 90 days, review the application and determine whether an exemption should be granted to the applicant or not. Applications deemed incomplete are not accepted by the NBFIRA and will be rejected.

6.3 An application is considered to be complete when **all the necessary documents have been submitted**. Upon receipt of a complete application the Authority shall, within the stipulated days for consideration of an application referred to in 6.2 above commence assessment.

6.4 Once a complete application is received, NBFIRA will assess the documents submitted to determine if the applicant has satisfied all the conditions as prescribed by the respective Acts. In order to complete its determination, NBFIRA may require the applicant to submit additional information or may instruct the applicant to make changes deemed necessary. **While NBFIRA awaits a response of these, the application ‘clock’ will be halted and only resume upon receipt of the requested information**. Incomplete applications will not be referred to a decision-maker.

6.5 Once an applicant has satisfied the requirements, the application will be approved and a letter of exemption issued. If however, the assessment is completed and it is determined that the applicant has not satisfied the conditions as stipulated by the respective legislation, NBFIRA will inform the applicant in writing of the rejection, stating the reasons for the rejection and informing the applicant of the right to an appeal.

6.6 If the exemption application process is not completed within 6 months, due to outstanding items required from the applicant, NBFIRA may require a new application, a further application fee and updated supporting documentation (e.g. a refreshed business plan and financial information).

6.7 It should be noted that the onus is on the exemption applicant and relevant persons connected with the exemption applicant to satisfy the Authority that they are fit and proper, not on the Authority to prove that they are not.