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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

**LICENSING AND SUPERVISION OF
THE BUSINESS OF CAPITAL GOODS FINANCE COMPANIES**

**Penalty for Failure to Comply with Regulatory Requirements of Capital Goods Finance
Business Directives No. CGFB/06/2017**

Whereas, capital goods finance companies need to comply with the relevant legal and regulatory requirements at all times in order to enhance the level of trust and confidence of customers and also promote healthy development of capital goods finance sector in general;

Whereas, there is a need for the National Bank of Ethiopia to ensure that all capital goods finance companies are operating in compliance with the legal and regulatory requirements;

Whereas, there is a need to penalize and create accountability on a capital goods finance company that fails to comply with or violates the legal and regulatory requirements;

Now, therefore, in accordance with powers vested in it under article 4(5)(d) of the Capital Goods Leasing Business (Amendment) Proclamation No.807/2013 and article 18 (4) of Capital Goods Leasing Business Proclamation No. 103/1998 as amended by article 6 of the Capital Goods Leasing Business (Amendment) Proclamation No.807/2013, the National Bank of Ethiopia has issued these directives.

1 Short Title

These directives may be cited as “Penalty for Failure to Comply with Regulatory Requirements of Capital Goods Finance Business Directives No. CGFB/06/2017”.

2 Scope of Application

The provisions of these directives shall be applicable on all capital goods finance companies licensed by the National Bank of Ethiopia.



3 Penalty

3.1 A capital goods finance company that fails to comply with or violates the National Bank of Ethiopia's requirements as stated hereunder shall be liable and subject to financial penalty as follows:

- a. Birr 5,000 (Birr five thousand) for failing to submit periodic reports and accounts as required;
- b. Birr 5,000 (Birr five thousand) for failing to renew its capital goods business license within one month from date of expiry;
- c. Birr 5,000 (Birr five thousand) for failing to submit annual external audit reports including management letter to the National Bank of Ethiopia within six months from the end of its financial year;
- d. Birr 10,000 (Birr ten thousand) for submitting false or misleading information including reports to the National Bank of Ethiopia;
- e. Birr 10,000 (Birr ten thousand) for not complying with the leasing exposure, investment or any other limits set by the National Bank of Ethiopia;
- f. Birr 50,000 (Birr fifty thousand) for obstructing an audit, inspection or on-site examination to be carried out by the National Bank of Ethiopia;
- g. Birr 5,000 (Birr five thousand) for violating any other provisions of directives issued by the National Bank of Ethiopia.

3.2 The National Bank of Ethiopia may also impose other non-financial penalties, if it considers necessary including but not limited to ceasing the company from opening new branches or providing new capital goods finance until the violation is corrected.

3.3 A capital goods finance company that fails to pay the penalty imposed on it according to sub-article 3.1 herein-above, within 5 (five) working days from the date of receipt of the letter of the National Bank of Ethiopia, shall be subject to an additional penalty of Birr 500 (five hundred Birr) for each day the penalty amount remains outstanding.

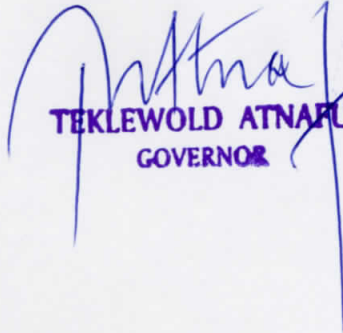



4 Waiver

The National Bank of Ethiopia may waive imposition of penalties set out under article 3 of these directives on the ground that the circumstances that led to non-compliance are found acceptable.

5 Effective Date

These directives shall be effective as of the 12th day of June 2017.


TEKLEWOLD ATNAFU
GOVERNOR



The seal is circular with a blue border. Inside the border, there is Amharic text at the top and 'NATIONAL BANK OF ETHIOPIA' at the bottom. In the center, there is a depiction of a building and the number '53'.