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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

Licensing and Supervision of
Insurance Business

Time Limit for Reduction and/or Relinquishing
Shareholdings Directives No. SIB/35/2013

Whereas, the Proclamation prohibits: 1) any person other than the Federal Government of Ethiopia to hold more than 5% of the subscribed capital in an insurer, and 2) any influential shareholder of an insurer to hold shares in any other insurer;

Whereas, it is necessary to issue these directives for the implementation of the provisions of the Proclamation;

Now, therefore, in accordance with articles 12(1) (2) and 58(2) of Insurance Business Proclamation No. 746/2012, the National Bank of Ethiopia hereby issues these directives.

1. Short title

These directives may be cited as “Time Limit for Reduction and/or Relinquishing Shareholdings Directive No. SIB/35/2013”

2. Definition

In these directives, unless the context provides otherwise:

- 2.1. “influential shareholder” means a person who holds directly or indirectly two percent or more of the subscribed capital of an insurer;
- 2.2. “person” means any natural or juridical person;
- 2.3. “Proclamation” means Insurance Business Proclamation No. 746/2012;
- 2.4. provisions of this directives set out in the masculine gender shall also apply to feminine gender.

3. Time limit for reduction of excess share holdings

3.1. Within 36 months from the effective date of these directives, a person who:

3.1.1. holds shares in an insurer, either on his own or jointly with his spouse or with a person who is below the age of 18 years and related to him by consanguinity to the first degree, in excess of 5% of the subscribed capital of the insurer shall reduce such holding to 5% or less; and

3.1.2. is influential shareholder in an insurer shall relinquish his shareholdings in another insurer;



3.2. Board of directors of an insurer shall submit plan of action for the implementation of article 3.1 herein above within three months from the effective date of these directives.

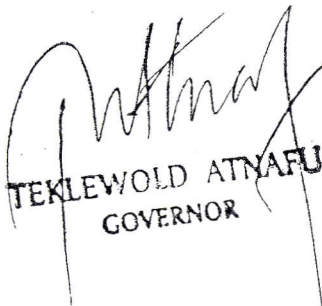
3.3. An insurer shall strictly implement the plan of action submitted as per article 3.2 herein above and shall file progress report to the National Bank of Ethiopia on quarterly basis.

4. Penalty

A person who fails to comply with the provisions of these directives shall be penalized in accordance with article 57(7) of Proclamation number 746/2012.

5. Effective date

These directives shall enter into force as of the 12th day of April 2013.


TEKLEWOLD ATYAFU
GOVERNOR

