



## **LICENSING AND SUPERVISION OF BANKING BUSINESS**

### **TIME LIMIT FOR REDUCTION AND/OR RELINQUISHING SHAREHOLDINGS DIRECTIVE No. SBB /47/ 2010**

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

**WHEREAS**, it is necessary to issue this directive for the implementation of the Proclamation;

**NOW, THEREFORE**, the National Bank of Ethiopia has issued this directive in accordance with powers vested in it by articles 11(6) and 59(2) of the Proclamation.

#### **1. Short Title**

This directive may be cited as “time limit for reduction and/or relinquishing shareholding No. SBB/47/2010.”

#### **2. Definition**

In this directive, unless the context requires otherwise:

- 1) **“bank”** means a company licensed by the National Bank of Ethiopia to undertake banking business;
- 2) **“influential shareholder”** means a person who holds directly or indirectly two percent or more of the total subscribed capital of a bank;
- 3) **“person”** means any natural or juridical person;
- 4) **“Proclamation”** means Banking Business Proclamation No. 592/2008; and
- 5) provisions of this directive set out in the masculine gender shall also apply to the feminine gender.

**3. Time Limit for Reduction of Excess Shares**

Within 36 months from the effective date of this directive, a person who:

- 1) holds shares in a bank, 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 total subscribed capital of the bank shall reduce such holding to 5% or less;
- 2) is influential shareholder in a bank shall relinquish his share holdings in another bank.

**4. Penalty**

A person who fails to comply with the provisions of this directive shall be penalized in accordance with article 58(7) of Proclamation number 592/2008.

5. **Effective Date**

This Directive shall enter into force as of 16<sup>th</sup> day of August 2010.