Requirements for Appointments to Senior Positions in Financial Institutions Supervised by the Saudi Arabian Monetary Agency (SAMA)

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Introduction

These Requirements are issued by SAMA in exercise of the powers vested upon it under its Charter promulgated by the Royal Decree (23) on 23/5/1377H, the Banking Control Law promulgated by the Royal Decree (M/5) on 22/2/1386H, the Law on Supervision of Cooperative Insurance Companies promulgated by the Royal Decree (M/32) on 2/6/1424H, and the Law on Supervision of Finance Companies promulgated by the Royal Decree (M/51) on 13/8/1433H.

These Requirements have been issued in both Arabic and English. In the event of discrepancy in the interpretation of the two texts, the Arabic text shall prevail.

Part One
Definitions

1. The following terms and phrases, where used in These Requirements, shall have the corresponding meanings, unless the context requires otherwise:

SAMA: the Saudi Arabian Monetary Agency.

Requirements: Requirements for Appointments to Senior Positions in Financial Institutions Supervised by the Saudi Arabian Monetary Agency (SAMA).

Financial Institution(s): entities that are licensed and supervised by SAMA, including banks operating in the Kingdom, finance companies, insurance and/or reinsurance companies, insurance-related
service providers, and money exchangers.

Applicable Laws, Regulations, and Instructions: the laws, regulations, rules, and instructions to which the Financial Institution is subject, including without limitation the following:

- “Banking Control Law, and related rules and instructions,” if the Financial Institution is a bank or a branch of a foreign bank.

- “Law on Supervision of Cooperative Insurance Companies, its Implementing Regulations, other related regulations, rules, and instructions,” if the Financial Institution is an insurance and/or reinsurance company or an insurance-related service provider.

- “Law on Supervision of Finance Companies, its Implementing Regulations, and other related rules and instructions,” if the Financial Institution is a finance company.

- “Rules Governing of Money Exchange Activities, and other related rules and instructions,” if the Financial Institution is a money exchanger.

Board Member: a member of the Board of the Financial Institution, whether elected or nominated, including the chairman of the Board and members of Board committees.

Senior Management: the Managing Director, Chief Executive Officer, General Manager, their deputies, Chief Financial Officer, Managers of key departments, officers of risk management, internal audit, and compliance functions, and similar positions in the Financial Institution, in addition to incumbents of any other positions determined by SAMA.
Senior Positions: members of the Board and Senior Management.

Part Two
General Provisions

2. These Requirements aim to set out the minimum requirements for assessing the fitness and propriety of incumbents of, and candidates for, Senior Positions in Financial Institutions, and obtaining SAMA’s written non-objection on appointments to such Positions.

3. These Requirements shall be applicable to all Financial Institutions as defined in paragraph (1) above. These Requirements shall also be applicable to Board members, general managers, and senior management personnel of the Financial Institution’s subsidiaries, its overseas branches, and its representative offices.

4. These Requirements shall be applicable to managers and senior staff of branches of foreign banks operating in the Kingdom.

Part Three
Requirements for Obtaining SAMA’s Non-objection on Appointments to Senior Positions

5. Priority for appointment to Senior Positions should be given to Saudi nationals. In cases where non-Saudi national is being appointed to a Senior Position, the Financial Institution should demonstrate non-availability of qualified Saudis for the Position and provide timeframe for appointing a qualified Saudi national to that Position within the written non-objection request submitted to SAMA.
6. Financial Institutions shall ensure that all appointments to Senior Positions within the Financial Institution are made only after assessing the fitness and propriety of the candidate for the Senior Position in accordance with these Requirements and obtaining SAMA’s written non-objection.

7. Financial Institution shall submit requests for obtaining SAMA’s written non-objection along with all the required documents listed in paragraph (20) of these Requirements, at least (30) days prior to the date of the General Assembly during which the election of Board Member(s) will take place or the proposed start date for candidates for positions in Senior Management.

8. After Board members are selected, the Board shall nominate a non-executive Board member as chairman and another non-executive Board member as vice chairman, and the Financial Institution shall obtain SAMA’s prior written non-objection on those appointments. The Financial Institution shall also obtain SAMA’s prior written non-objection on the appointments of chairmen of Board committees.

9. Candidates for Senior Positions shall not assume the charge of their respective roles until receipt of a written non-objection from SAMA.

10. While making any job offers for appointments to positions in Senior Management, the Financial Institution must clearly state in its offer that such appointments are subject to SAMA’s non-objection.

11. The Financial Institution is required to obtain SAMA’s written non-objection prior to reassigning responsibilities of a Senior Position to any of its employees for a period exceeding (30) days, provided that the period of such reassignment does not exceed the period of such reassignment.

6. على المؤسسات المالية التأكد من ملاءمة الأشخاص المرشحين للمناصب القيادية بما يتوافق مع هذه المطالب والحصول على عدم ممانعة المؤسسة الكتابية قبل تعيين أي شخص في أحد المناصب القيادية.

7. على المؤسسة المالية تقديم طلبات الحصول على عدم ممانعة المؤسسة الكتابية على عدم ملاءمة المؤسسة الكتابية على التعيين في المناصب القيادية مرتفقاً بها جميع المستندات المطلوبة وفق ما ورد في الفقرة (20) من هذه المطالب قبل موعد انتهاء المدة العامة في الانتخابات عضو مجلس الإدارة أو الموعد المقترح لتوقيع المنشور للتصويت في الإدارة العليا بعدم نقل عن (30) يوماً.

8. بعد انتخاب أعضاء مجلس الإدارة، على المجلس اختيار عضو غير تنفيذي لرئاسة المجلس واختيار عضو غير تنفيذي نائبًا للرئيس وعلى المؤسسة المالية الحصول على عدم ممانعة المؤسسة الكتابية المصيحة على ذلك. وعلى المؤسسة المالية كذلك الحصول على عدم ممانعة المؤسسة الكتابية المصيحة على الترشيح لرئاسة اللجان المنبثقة من مجلس الإدارة.

9. لا يجوز تولي الأشخاص المرشحين للمناصب القيادية المسؤوليات المطلوبة في تلك المناصب أو بدء ممارسة أدوارهم إلا بعد استلام عدم ممانعة المؤسسة الكتابية.

10. على المؤسسة المالية عند تقديمها طلبات للتعيين في مناصب الإدارة العليا النص صراحة في تلك الطلبات على أن التعيين في تلك المناصب يتطلب الحصول على عدم ممانعة المؤسسة.

11. على المؤسسة المالية الحصول على عدم ممانعة المؤسسة الكتابية وفق هذه المطالب قبل تكليف أي من موظفيها بالقيام بهما منصب قيادي لمدة تتجاوز (30) يومًا، شريطة عدم تجاوز مدة التكليف ستة أشهر تكون قابلة للتجديد.
exceed (6) months, which can be renewed for another period after SAMA’s approval.

12. After receiving SAMA’s written non-objective on the appointment to Senior Position, the Financial Institution shall periodically, and at least annually, assess the fitness and propriety of its Board Members and members of Senior Management on an on-going basis. In the event of such assessments leading to any adverse information or findings that may materially compromise the fitness and propriety of any of its Board Members or members of Senior Management, the Financial Institution shall immediately report such information and findings to SAMA.

13. Financial Institutions are required to notify SAMA in writing of appointments to Senior Positions within (5) business days from the date of appointment.

14. Financial Institutions are required to notify SAMA in writing of the accepted resignations from Senior Positions or ceasing to continue working on the Senior Positions within (5) business days from the date on which the person leaves the Senior Position The Financial Institution shall also notify SAMA in writing of the termination of the services of any incumbent of Senior Position for whatever reason, within (5) business days from the date of that termination.

15. The Board of Directors of the Financial Institution and its Nomination and Compensation Committee –if any- shall be responsible for ensuring the fitness and propriety for candidates for Board membership and positions in Senior Management in accordance with these Requirements and the Financial Institution’s own policies and procedures.
including, without limitation, the following:

a) Approving a policy for the nomination and election of Members of the Board of Directors and to lay down a process for obtaining SAMA’s written non-objection before their appointment.

b) Approving a policy to ensure that all persons appointed to positions in Senior Management are fit and proper. Such policy should include but not be limited to the following:

- The minimum fit and proper criteria as set out under these Requirements;
- Procedures for conducting fit and proper assessments;
- Factors considered in assessing whether a person is fit and proper for a specific position;
- Actions to be taken if a person no longer meets the fit and proper criteria for a specific position; and
- Requirements for reviewing and updating the policy from time to time, as needed.

c) Requiring the Financial Institution’s management to institute adequate systems and procedures to ensure that all the Board or members of Senior Management meet the fit and proper criteria prescribed under these Requirements and the Financial Institution’s own policies and procedures on an on-going basis.

16. All assessments conducted by the Financial Institution, both prior to seeking SAMA’s written non-objection as well as subsequent on-going assessments, shall be supported by relevant information and properly documented. Wherever permitted by law, the Financial Institution should verify the information provided by its Board Members or members of Senior Management from independent sources. Financial Institutions

ا) اعتماد سياسة ترشيح وانتخاب أعضاء مجلس الإدارة ووضع إجراءات الحصول على عدم ممانعة المؤسسة الكتابية قبل تعيينهم.

ب) اعتماد سياسة لضمان ملاءمة الأشخاص المرشحين لشغل مناصب الإدارة العليا، على أن تتضمن هذه السياسة على سبيل المثال لا الحصر الآتي:

- الحد الأدنى من معايير الملاءمة على النحو الوارد في هذه المتطلبات.
- إجراءات تقييم الملاءمة.
- العوامل الخاصة بتقييم الملاءمة لمنصب محدد.
- الإجراءات التي ينبغي اتخاذها عندما يتبين أن الشخص لم يعد مستوفيًاً لمعايير الملاءمة لشغل منصب محدد.
- متطلبات مراجعة وتحديث السياسة من وقت لآخر، وحسب الحاجة.

ج) توجيه إدارة المؤسسة المالية بوضع إجراءات وأنظمة كافية للتأكد من استيفاء جميع أعضاء مجلس الإدارة وائلاً وaedaً للمعايير الملاءمة الواردة في هذه المتطلبات وذللك الارادة في سياسات وإجراءات المؤسسة المالية واستمرار استيفاءهم تلك المعايير.

16. ينبغي أن تكون إجراءات تقييم الملاءمة التي تقوم بها المؤسسة المالية، سواء قبل طلب عدم ممانعة المؤسسة الكتابية أو تلك التي تتم بصفة مستمرة، موثوقة ومدعومة بالمعلومات ذات العلاقة. وعلى المؤسسة المالية التحقق من صحة ودقة المعلومات المقدمة من أعضاء مجلس الإدارة والإدارة العليا من مصادر مستقلة مثى ما سمحت لها الأنظمة المرامية، مع ضرورة المحافظة على سرية
Part Four
Fit and Proper Criteria and Assessment Process

17. Financial Institutions shall follow well-defined criteria and procedures for assessing the fitness and propriety of incumbents of, and candidates for, Senior Positions. Such a criteria shall at least cover the following qualities:

a) **Honesty, integrity and good reputation**: The person, in respect of whom the assessment for fitness and propriety is being made, must have personal qualities such as honesty, integrity, good reputation, and fairness.

b) **Competence and capability**: The person, in respect of whom the assessment for fitness and propriety is being made, must have the necessary education, skills, or adequate experience, to perform his role effectively, as well as the ability to understand the technical requirements of the business, the inherent risks and the management process.

c) **Financial soundness**: The person, in respect of whom the assessment for fitness and propriety is being made, must have the ability and track record of managing his debts or financial affairs properly and prudently. The fact that a person may be of limited financial means does not in itself, affect the person’s ability to satisfy these criteria.

d) **Independence**: The person, in respect of whom the assessment for fitness and propriety is being made, must have necessary independence to perform the responsibilities and duties of the proposed Senior Position and he or she shall not have business interests, financial interests, employment
obligations, or any other situations which might give rise to conflict of interest or which could in any way impair the person’s independence and ability to perform the duties of the Proposed Position.

18. Criteria and procedures for assessing the fitness and propriety developed by the Financial Institution shall take into account requirements of all relevant laws, regulations, and instructions.

19. Financial Institutions shall be able to prove that all their Board and Senior Management members meet the fit and proper criteria laid down under these Requirements. In order to discharge this responsibility effectively, the Financial Institution shall put in place an elaborate assessment process to ensure compliance with these Requirements. In this regard, the Financial Institution shall ensure, inter alia, that it has the following documents in place:

a) A policy duly approved by the Board of Directors for the nomination and election of the Members of the Board of Directors and a process for obtaining SAMA’s written non-objection before their appointment.

b) A policy duly approved by the Board of Directors for the appointments to positions in Senior Management and obtaining SAMA’s written non-objection before their appointment. This can be either a separate policy or part of the overall recruitment policy of the Financial Institution.

c) Adequate internal control systems and procedures to ensure that all the Board or Senior Management members meet the fit and proper criteria prescribed under these Requirements and the Financial Institution’s own policies and procedures on an on-going basis.

18. ينبغي أن تتضمن الإجراءات والسياسات المالية متطلبات جميع الأنظمة واللوائح والتعليمات ذات الصلة.

19. على المؤسسات المالية إثبات استيفاء جميع أعضاء مجلس الإدارة والإدارة العليا لديها لمعايير الملائمة الباردة في هذه المتطلبات. وعلى المؤسسة المالية في سبيل تحقيق ذلك وضع إجراءات تفصيلية لضمان الالتزام بجميع ما ورد في هذه المتطلبات. وفي هذا الجانب، ينبغي أن تتأكد المؤسسة المالية من توفر الوثائق الآتية بعد أدنى:

أ) سياسة معتمدة من مجلس الإدارة لتشريع وانتخاب أعضاء مجلس الإدارة وإجراءات التحصيل على عدم ممانعة المؤسسة الكتابية قبل تعيينهم.

ب) سياسة معتمدة من مجلس الإدارة للتعيين في مناصب الإدارة العليا والحصول على عدم ممانعة المؤسسة الكتابية قبل تعيينهم. ويمكن أن تكون هذه السياسة مستقلة أو جزءاً من سياسة التوظيف للمؤسسة المالية.

ج) إجراءات وأنظمة رقابة داخلية كافية للتأكد من استيفاء جميع أعضاء مجلس الإدارة والإدارة العليا لمعايير الملائمة الباردة في هذه المتطلبات والواردة في سياسات وإجراءات المؤسسة المالية واستمرار استيفاؤهم تلك المعايير.
20. While submitting a request for obtaining SAMA’s non-objection, the Financial Institution shall enclose the following:

a) Fit and Proper Form duly completed and signed by the candidate him- or herself and attested by the Financial Institution.

b) All required documentation as indicated on the Fit and Proper Form.

c) Results of fit and proper assessment conducted by the Financial Institution along with related documentation.

21. SAMA might request any information or documents it deems necessary for evaluating requests for non-objection on appointment to Senior Positions, or request to interview the candidate. The Financial Institution shall be required to provide SAMA with the required information and documents within (10) business days from the date on which SAMA request such information or documents.

Part Five
Disclosure and Background Checks

22. The Financial Institution, as well as candidates for Senior Positions themselves, will be primarily responsible for making full and frank disclosure of all relevant information to SAMA in regard to fit and proper requirement. The disclosure of all relevant information is essential to enable SAMA to process the application in a timely manner and take a fully informed decision. The minimum information to be disclosed shall include at least the following:

a) All information required under the “Fit and Proper Form.”

b) Any other material facts that may affect SAMA’s decision regarding the appointment to the Senior Position.

c) Any other relevant information that may come to the notice of the Financial

20. على المؤسسة المالية تقديم طلب الحصول على عدم ممانعة المؤسسة عمى تولي المنصب القيادي مرقماً به الآتي:

أ) نموذج اللائمة بعد إكماله وتوقيعه من قبل المرشح للمنصب القيادي والمصادقة عليه من قبل المؤسسة المالية.

ب) جميع المستندات المطلوبة في نموذج اللائمة.

ج) نتائج تقييم اللائمة الذي قامت به المؤسسة المالية والمستندات ذات العلاقة بالتقييم.

21. للمؤسسة طلب أي معلومات أو وثائق تراها ضرورية لدراسة طلب عدم الممانعة على التعيين في المناصب القيادية وطلب مقابلة المرشح لشغل المنصب القيادي، وعلى المؤسسة المالية تزويد المؤسسة بأي معلومات أو مستندات تطلبها خلال (10) أيام عمل من تاريخ طلبيها.

الباب الخامس
الإفصاح والتحري عن صحة المعلومات

22. تقع على عاتق المؤسسة المالية والمرشحين للمناصب القيادية المسؤولية الرئيسية عن الإفصاح للمؤسسة بشكل كامل وصريح عن جميع المعلومات ذات العلاقة بممتلكات ملاءمة الأشخاص. ينبغي أن يشمل الإفصاح للمؤسسة كاملاً المعلومات ذات العلاقة لتمكين المؤسسة من معالجة الطلب الوارد لها بالسرعة المطلوبة واتخاذ القرار المناسب في شأنه. ينبغي أن تشمل المعلومات المقدمة للمؤسسة بعد أدنى الآتي:

أ) جميع المعلومات المطلوبة في نموذج اللائمة.

ب) أي معلومات جوهرية قد تؤثر على قرار المؤسسة في شأن التعيين في المنصب القيادي.

ج) أي معلومات أخرى ذات علاقة تكشف للمؤسسة
23. SAMA may conduct background checks to ensure the accuracy, correctness, precision, and completeness of the information and documentation provided by the Financial Institution, and to ensure the fitness and propriety of concerned persons, and to take any actions it deems appropriate regarding the non-objection on requests submitted to it or the rejection thereof without any responsibility on it.

24. The Financial Institution should note that even after issuance of SAMA’s non-objection, if SAMA detects any concealment, misrepresentation or misreporting of information and violation or circumvention of these Requirements, it may withdraw its non-objection and take appropriate actions against the Financial Institution as well as the person whose fitness and propriety is concerned.

25. The Financial Institution is required to disclose to SAMA in writing any relevant information that may come to the notice of the Financial Institution regarding the fitness and propriety of its Board Members, and members of Senior Management, as well as changes affecting the accuracy, correctness, precision, or completeness of the answers provided in the Fit and Proper Form, even after the issuance of SAMA’s non-objection, within a maximum period of (3) business days from the day of obtaining the information or the occurrence of the change.

Part Six
Effectiveness

26. These Requirements shall be effective from the date of their issuance.