

**EESTI PANK
GOVERNOR'S DECREE**

Tallinn

15 October 1999 No 24

**The procedure of submission of the information
on the conformity of persons specified
in the Credit Institutions Act and
the declaration of their financial interests**

Based on Article 48, subsection 7 and Article 49, subsection 4 of the Credit Institutions Act (RT I 1999, 23, 349)

Eesti Pank ordains:

To approve of "The procedure of submission of corroborating information and documents on the reliability, suitability and conformity of executives of credit institutions and the head of the internal control department or chairman (members) of the internal audit committee and of the declaration of financial interests and conflicts of interests of the executives of credit institutions" (annexed).

/signature/
Vahur Kraft
Governor

The procedure of submission of corroborating information and documents on the reliability, suitability and conformity of executives of credit institutions and the head of the internal control department or the chairman (members) of the internal audit committee and of the declaration of financial interests and conflicts of interests of the executives of credit institutions

**Part 1
General Provisions**

- 1 The current procedure provides on the basis of Credit Institutions Act the procedure of submission of corroborating information and documents on the reliability, suitability and conformity of executives of credit institutions and the head of the internal control department, chairman and members of the internal audit committee, executives of the credit institution's non-resident subsidiary, the head(s) of the credit institution's non-resident branch and the head(s) of the non-resident credit institution's branch (hereinafter referred to as the persons specified in the Credit Institutions Act), including the conditions and procedure of the declaration of financial interests and conflicts of interests of the executives of credit institutions.
- 2 Only the persons capable of ensuring sound and reliable management of the credit institution and who comply with the requirements set out in the Credit Institutions Act, i.e. persons, who are competent within their functions, diligent and reliable, can be elected or designated as executives of credit institutions or into other offices specified in the Credit Institutions Act.
- 3 The executives and the staff of credit institutions are obliged to work with the anticipated foresight and competence, in compliance with the requirements set to their offices pursuant to the credit institution's and its clients' interests. The executives and the staff of credit institutions are obliged to set the credit institution's and its clients' financial interests above their personal financial interests.
- 4 The management and controlling bodies of the credit institution are obliged to ensure sound and reliable management of the credit institution.
- 5 The Banking Supervision Department of Eesti Pank (hereinafter referred to as the Banking Supervision Department) checks and evaluates on the grounds of the provisions of the Credit Institutions Act periodically the reliability, suitability and conformity with the requirements provided for in the Act of the persons specified in the Act.

Part 2

The submission of information corroborating the reliability, suitability and conformity with the requirements of the Credit Institutions Act of the persons specified in the Credit Institutions Act

- 6 The corroborating information on the reliability, suitability and conformity with the requirements of the Credit Institutions Act of the persons specified in the Credit Institutions Act is submitted in the questionnaire format.
- 7 The questionnaire annexed to this procedure “The questionnaire on corroborating information about the reliability, suitability and conformity with the requirements of executives of credit institutions and the head of the internal control department or chairman (members) of the internal audit committee” (hereinafter referred to as the questionnaire) and other documents should be submitted to the Banking Supervision Department:
 - 7.1 by the applicant of the credit institution’s licence, applying for the permit pursuant to the procedure established by Eesti Pank about the person who has been elected, appointed or designated as:
 - 7.1.1 the member of the credit institution’s management or supervisory board by the founding agreement or the resolution of the founding meeting;
 - 7.1.2 the head of the credit institution’s internal control department by the resolution of the supervisory board of the credit institution under foundation or the head or member of the internal audit committee by the resolution of the founding meeting of the co-operative bank;
 - 7.1.3 the head(s) of the non-resident credit institution’s branch by the resolution of the competent body of the non-resident credit institution.
 - 7.2 The management board of the operating credit institution applying for the permit to establish or acquire a non-resident subsidiary credit institution or to establish a non resident branch pursuant to Article 20 of the Credit Institutions Act about a person going to be elected or designated as:
 - 7.2.1 the member of the management or supervisory board of the non-resident subsidiary credit institution:
 - 7.2.2 the head(s) of the non-resident branch.
 - 7.3 The management board of the operating credit institution pursuant to the procedure provided for in Article 48, subsection 6 of the Credit

Institutions Act about the person who is going to be elected, appointed or designated as:

7.3.1 the member of the management or supervisory board;

7.3.2 the head of the internal control department or chairman of the internal audit committee.

8 The provisions of the points 7.2 and 7.3 of this procedure are applicable in each repeated election of the member of the management or supervisory board and the head of the chairman of the internal audit committee. The questionnaire on the head of the internal control department is submitted every two years of work.

9 The persons specified in points 7.1.1 - 7.1.3, 7.2.1, 7.2.2, 7.3.1 and 7.3.2 of this procedure (hereinafter referred to as the questionnaire respondent) fill in the questionnaire in two copies.

10 Filling in the questionnaire for the first time the following information is added:

10.1 the description of the area of responsibility or the job description approved of by the competent body of the credit institution;

10.2 notarised copies of certificates of education and professional qualification (diplomas from higher educational establishments, documents corroborating academic decrees, vocational certificates, etc.) and other written documents setting out the professional suitability, experience and immaculate business integrity of the person filling in the questionnaire.

11 In the repeated submission of the questionnaire the documents specified in point 10 of this procedure will be attached only if they have not been submitted earlier or if the information reflected in the documents has changed.

12 A copy of the completed questionnaire will be submitted to the Banking Supervision Department. The respondent submits the other copy to the person designated internally in the credit institution pursuant to the procedure and conditions provided for in point 19 of this procedure.

13 The respondent is obliged to notify immediately the person designated internally in the credit institution about any significant change in the information set out in the questionnaire, including:

13.1 his/her criminal sentence entered in the penal register;

13.2 if he/she is declared insolvent;

- 13.3 other circumstances which have or could have an impact on the evaluation of his/her credibility, suitability and conformity with the requirements provided for in the Credit Institutions Act.
- 14 The management board of the credit institution will communicate the information provided pursuant to point 13 of this procedure to the Banking Supervision Department within 10 days of the receipt of the information at the latest. The management board of the credit institution is also obliged to communicate to the Banking Supervision Department immediately the significant information exposed to it, the respondent has not submitted pursuant to point 13 of this procedure but which has or could have an impact on the evaluation of his/her reliability, suitability or conformity with the requirements provided for in the Credit Institutions Act.
- 15 The Banking Supervision Department could require in cases provided for in the Credit Institutions Act additional documents and information in order to specify and check the submitted documents and certificates.

Part 3

The declaration of financial interests and conflicts of interests by the executives of credit institutions

- 16 The persons specified in points 7.2.1, 7.2.2 and 7.3.1 of this procedure have apart from the information set out in the questionnaire also to declare their financial interests and conflicts of interests in a written explanation.
- 17 The explanation has to set out the following information about:
- 17.1 the stocks, shares, holdings and other securities (including options) issued in the Republic of Estonia and/or abroad belonging to the person and to other persons having equal financial interest, indicating
- 17.1.1 the issuer,
- 17.1.2 the type of stocks, shares, etc.,
- 17.1.3 the amount of stocks, shares, etc.,
- 17.1.4 the quoting body for publicly tradable securities;
- 17.2 proprietary obligations to the credit institution of the person and other persons having equal financial interest, indicating
- 17.2.1 the loan principal and additional loans applied for,
- 17.2.2 the balance of borrowing at the time of submitting the explanation,

- 17.2.3 the interest rate,
- 17.2.4 the date of maturity and information about its extension;
- 17.3 liabilities to the third parties of the person and other persons having equal financial interest, in the amount exceeding the median six months income in the previous calendar year for natural persons and the three months median turnover in the previous calendar year for legal persons, indicating
 - 17.3.1 the lender's name (business name),
 - 17.3.2 the loan principal and additional loans applied for,
 - 17.3.3 the balance of borrowing at the time of submitting the explanation,
 - 17.3.4 the interest rate,
 - 17.3.5 the date of maturity and information about its extension;
- 17.4 other significant circumstances which cause or could cause conflicts of interests, indicating
 - 17.4.1 significant circumstances related to his/her personality,
 - 17.4.2 significant circumstances related to other persons having equal financial interest.
- 18 The explanation pursuant to points 16 and 17 of this procedure is submitted once a year by 1 March at the latest in compliance with the conditions and procedure provided for in point 19 of this procedure to the responsible person designated internally in the credit institution. If the information set out in the explanation changes significantly, they will be communicated to the above person immediately in writing.

Part 4

Final Provisions

- 19 The questionnaires and explanations completed by the persons specified in the Credit Institutions Act in compliance with this procedure, are collected and preserved by competent bodies of the credit institution responsible for their management, designating a responsible person in the credit institution for this function.

- 20 Resolutions reflected in point 19 of this procedure have to be documented and all documents compiled pursuant to this procedure have to be available on the grounds provided for in Article 101 of the Credit Institutions Act.

Appendix to “The procedure of submission of corroborating information and documents on the reliability, suitability and conformity with the requirements of executives of credit institutions and the head of the internal control department or the chairman of the internal audit committee and of the declaration of financial interests and conflicts of interests of the executives of credit institutions”

The questionnaire corroborating information on the reliability, suitability and conformity with the requirements of executives of credit institutions and the head of the internal control department or the chairman of the internal audit committee

**Herewith I
(the previous name if name has been changed.....)
(hereinafter referred to as the respondent) confirm that I comply with the requirements set to
(office the respondent will be elected or appointed to, has been elected or appointed)
and there are no circumstances provided for in the Credit Institutions Act excluding my right to be appointed (elected, designated) to the above office.**

Herewith I confirm that I am capable of fulfilling my liabilities to the third parties and no collection procedure or bankruptcy proceedings have been initiated against my property and I assume the responsibility to communicate in writing immediately to the competent person of the credit institution of all circumstances which exclude or could exclude my right to work in the above office.

Corroborating the reliability, suitability and conformity with the requirements provided for in the Credit Institutions Act, I state the following:

1 General information:

- 1.1 Personal code
Date of birth if the personal code is missing
- 1.2 Place of residence
- 1.3 Citizenship.....
(Previous citizenship if the citizenship has been changed)
- 1.4 Area of responsibility in this office.....

2 Information on competence and professional (management) experience:

- 2.1 Secondary school..... finished in
- 2.2 Higher educational establishment.....graduated in

2.3 Academic decree defended in the field of in
.....

2.4 The qualification of awarded on the basis of the
resolution by in

Entered in the list of auditors under No in

2.5 More significant professional continuing training undertaken in the last
five years

Training centre
the date of the training

2.6 Work experience:

Time/Employer (service)/Office, area of responsibility/Grounds
for leaving

2.7 Currently valid labour, employment and service contracts:

Employer (service)/ Office, area of responsibility/Contract expiry
date

Client/Description of the work/Contract expiry date

3 **Information on diligence, reliability, etc.:**

3.1 Adjudication related to the respondent

3.1.1 in criminal cases entered in the penal register
.....

3.1.2 in bankruptcy cases if the respondent has been declared
insolvent.....
.....

3.1.3 in other civil cases if the respondent was ruled to indemnify the
unfulfilled contractual obligations
.....

3.1.4 in other civil cases if the respondent was ruled to indemnify the
non-contractual losses
.....
.....

- 3.2 Administrative rulings applied to the respondent for business infractions which have not yet fallen under the statute of limitations.....
- 3.3 The respondent's loan commitments during the last five years falling overdue Reasons of non-fulfilment
- 3.4 The respondent's liabilities to the credit institution due to the loans obtained prior to assuming the office:
 - 3.4.1 The loan principal, supplementary borrowing
 - 3.4.2 balance of borrowing while the questionnaire is submitted
 - 3.4.3 The interest rate
 - 3.4.4 The maturity date including the maturity date extension
- 3.5 The respondent's commitments to the credit institution due to the collateral given to the credit institution prior to the assumption of office specified in the questionnaire:
 - 3.5.1 Collateralised loan (granted to) in the amount of
 - 3.5.2 The interest rate
 - 3.5.3 The maturity date including the maturity date extension

4 Information on the business activity and immaculate business integrity:

- 4.1 Participation in business as a member of the management or supervisory boards or as a responsible person or as a stockholder (shareholder) having the qualifying holding (hereinafter referred to as the person of consequence) or the operation as a sole proprietor in the Republic of Estonia or abroad during the last seven years prior to assuming the office of the head of the credit institution and currently:
 - 4.1.1 As a member of the management board (business name, field of activity, continuity of the business undertaking, reason for the expiry of the term of office)

4.1.2 As a member of the supervisory board (business name, field of activity, continuity of the business undertaking, reason for the expiry of the term of office)

.....
.....

4.1.3 As a shareholder having the qualifying holding (business name, field of activity, continuity of business activity, holding).....

4.1.4 As a proxy or a person directly or indirectly liable for the economic performance of the business undertaking (business name, field of activity, continuity of business activity, reason for the expiry of the term of office)

.....
.....

4.1.5 As a sole proprietor

.....

4.2 Participation of the respondent or business undertakings referred to in point 4.1:

4.2.1 as a professional participant in the securities market

.....
whereas the valid licence has been issued on
and expires on
the licence was refused on the grounds of

.....
The licence has been revoked on the grounds of

.....

4.2.2 in insurance business

whereas the valid licence has been issued on
and expires on
the licence was refused on the grounds of

.....
The licence has been revoked on the grounds of

.....

4.3 At the time when the respondent was a person of consequence in the business undertaking or within one year after the respondent's departure, the following cases were initiated against the business undertakings referred to in point 4.1 of the questionnaire:

4.3.1 civil cases ruling the business undertaking to pay significant amounts due to unfulfilled contractual obligations

.....
.....

(the name of the court, the date of the judgement, the beneficiary, the amount)

4.3.2 civil cases ruling the business undertaking to pay significant amounts to indemnify noncontractual losses

.....

(the name of the court, the date of the judgement, the beneficiary, the amount)

4.3.3 bankruptcy cases if the business undertaking was declared insolvent

.....

(the name of the court, the date of the judgement)

4.3.4 enforcement proceedings due to unfulfilled contractual obligations

(the beneficiary)

4.3.5 proceedings in the violation of the administrative law by the legal person

.....

(the name of the court or any other competent body, the application date of the sanction, the sanction)

4.3.6 forced dissolution of the business undertaking

.....

(the name of the court, the date of the judgement)

5 Supplementary information I would like to add to corroborate my reliability, professional suitability and conformity with the requirements

.....

whereas more information on my immaculate business integrity is available from

.....

Herewith I confirm that I have not provided any misleading or incorrect information in the questionnaire and certify the information by signing.

.....
(the date, month, year)

.....
(signature)