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# SETTING UP AN INTERNATIONAL BANK IN SAINT LUCIA

## APPLICATION PROCESS:

Submit application to the Minister of International Financial Services for his consent to incorporate an international business company in Saint Lucia for the purpose of carrying on international banking business from Saint Lucia. This is essentially the due diligence exercise on the parent company and the individuals involved and is carried out by the Financial Services Regulatory Authority (FSRA). A copy of the application must also be submitted to the Minister through the Director of International Financial Service (the head of the FSRA). The application must include a business plan with the relevant technical and commercial data expected. Normally the decision on both applications is given at the same time and is subject to the incorporation and capitalisation of the company.

## 1. CAPITAL REQUIREMENT:

### Class A Bank Licence

- a) Maintain a deposit of USD 100,000.00 in an approved bank (not necessarily in Saint Lucia)
- b) Minimum paid up capital of USD 2,200,000.00

### Class B Bank Licence

- a) Maintain a deposit of USD 100,000.00 in an approved bank (not necessarily in Saint Lucia)
- b) Minimum paid up capital of USD 700,000.00

## 2. AUDIT REQUIREMENT

The application must include a confirmation from an approved auditor (can be an auditor outside of St. Lucia with the consent of the Minister), in the form of a letter, that he has agreed to carry out the annual audit required under the International Bank Act.

## 3. LOCAL ATTORNEY REQUIREMENT

The regulations require that an attorney practicing in Saint Lucia be appointed. A letter from the attorney accepting the engagement must be included with the application.

## 4. RESIDENT DIRECTOR REQUIREMENT

An International Bank registered in Saint Lucia must have at least two directors one of whom must be a resident of St. Lucia. All directors must be natural persons. (This service can be provided by the Registered Agent).

## 5. LOCAL MANAGEMENT REQUIREMENT

The Act does not mandate the appointment of a local manager. However, the application form calls for particulars of how banking management services are to be provided.

## 6. CORPORATE MANAGEMENT REQUIREMENT

The International Business Companies Act requires the appointment of a Registered Agent in St. Lucia, who will incorporate the company and provide registered office. The Registered Agent will also maintain the various registers (shareholders, directors and corporate secretary) which must be kept in Saint Lucia. A corporate secretary must be appointment in Saint Lucia preferable.

## 7. APPLICATION FOR CONSENT TO INCORPORATE THE BANK

Information and Documentation required:

- a) Particulars of the applicant (in some cases this will be the parent company of the proposed bank)
- b) Particulars of the shareholders and directors of the applicant/parent company. In the case of a public company quoted in a recognised stock exchange, this will not normally be necessary)
- c) Particulars of the company to be incorporated, (the proposed company), i.e. the name, address, nature of the business, the names of the proposed directors.
- d) A due diligence questionnaire to be completed by each director and shareholder of the proposed company. Where the parent company is not a public quoted company, the shareholders and directors of the parent company who will not participate in the proposed company must also complete the questionnaire. If there are large numbers of such shareholders, only those holding more than ten percent of the issued shares need to complete the questionnaire.

## 8. DUE DILIGENCE REQUIREMENTS FOR EACH DIRECTOR/SHAREHOLDER OF THE PARENT COMPANY AND PROPOSED COMPANY

Notarised copy of:

- i. The photo page of the passport
- ii. The driver's licence
- iii. Confirmation of the current home address of the director and shareholders, e.g. a copy of a current utility bill
- iv. A police report of each director and shareholder of the parent company and of the proposed company.
- v. A banker's reference for each director and shareholder
- vi. A lawyer's reference for each director and shareholder
- vii. An accountant's reference for each director and shareholder
- viii. Curriculum Vitae for each director and shareholder

### Information required for the application for a Banking Licence:

- a) The class of licence required
- b) The amount of share capital of the proposed company and the par value of each share.
- c) The method of raising the share capital (e.g. cash investment by parent company).
- d) Certified evidence of capital and deposit requirement. This takes the form of a notarised declaration by the shareholder of the proposed company stating how it is proposed to capitalise the company and an undertaking that the shareholder will provide the capital and deposit required after the company has been incorporated. Where possible the shareholder should provide proof that the capital exists.
- e) A duly completed and executed 'Statutory Declaration' in the prescribed form, a copy of which is attached, by each director and senior manager of the proposed company. Please note that this declaration must be notarised.
- f) A notarised certified copy of the incorporation /constitutional documents of the parent company.
- g) Particulars of any shareholders loans to the proposed company.

- h) Three (3) years (at least) projected income statement of the proposed company.
- i) Comparative financial statements of the last three (3) years for the parent company.
- j) Financial statements for the parent company for the current year up to the end of the month before the application is being made.
- k) The business plan for the proposed company. The business plan should include:
  - I. An organisational chart showing the group structure, where the Applicant is a member of a group.
  - II. An economic benefits chart showing the flow of economic benefits where this is not plain and obvious from reading of the business plan;
  - III. A detailed feasibility study explaining why the proposed company wishes to establish an international bank and the assumptions underlying the financial projections.
  - IV. A detailed account of how interest has been calculated;
  - V. Detailed assumptions (including security measures and risk management procedure) pertaining to derivative contracts, e-banking, etc. in which the proposed company may become engaged;
- l) A full account of the proposed company proposed Investment Strategy including evidence that the proposed company will maintain a well-balanced and diversified portfolio.
- m) Details of the Applicant's administrative controls, showing the division between operational and administrative functions and indicating the checks in place.
- n) A risk analysis report evidencing that the applicant has analysed the risks inherent in the types of activity proposed.
- o) Detailed information on the proposed company correspondent banking relationships, including information on the correspondent banks themselves.
- p) Where the Applicant is an existing bank detailed Capital Adequacy Computation Worksheets based on the assets included in each projected balance sheet and computed in accordance with Basle principles.
- q) Detailed Capital Computation Worksheets based on the Capital items in each projected balance sheet.
- r) Requisite authorisations and consents from the home regulator or that of a parent company, as appropriate.
- s) The business record, competence and experience of the persons who will operate and manage the bank.
- t) Details of the nature and sufficiency of the financial resources of the parent company and the bank, and
- u) Details of the soundness and feasibility of the plans of the bank for the conduct and development of the bank's business.

If necessary your registered agent may be able to assist in compiling the business plan or any part of it. In any event, the registered agent will review the business plan and projections to ensure that they meet the expectations of the Director.

Details of corporate structure. This requires information as to any other companies within a group, e.g. parent, associate companies and subsidiary companies.

## **9. THE APPLICATION TO INCORPORATE**

Once the consent to incorporate has been granted, the registered agent will proceed to incorporate the company based on the information provided for the applications. An international bank would normally be exempt from taxation in St. Lucia. There is an option however, to elect to pay income tax at the rate of 1% which may have advantages in some situations.

When the company has been incorporated, the registered agent will prepare the minutes, resolutions and other organisational documents needed to:-

- (a) appoint the directors
- (b) issue the shares
- (c) open bank accounts
- (d) secure the statutory deposit required under the Act, and
- (e) meet any other requirements.

## **10. AFTER THE LICENSE HAS BEEN GRANTED:**

After the license has been granted the Director will expect to have been provided with the following within ninety (90) days of the grant of the licence:

- (a) original (or notarised) bank statement showing that the capital has been injected into the company where the capital is cash, or other evidence of capitalisation as the case may be;
- (b) original (or notarised) certificate of deposit showing that the \$100,000.00 security deposit is being held at an approved bank; and
- (c) a duly executed Agreement of Undertaking by the company in favour of the Government of St. Lucia in respect of the security deposit.

The law firm or registered agent can prepare item (3) above and forward same for execution by the parties.

## **11. BOOKS AND RECORDS**

Every licensed bank is expected to maintain permanently at its principal office in St. Lucia books of accounts and records of its banking business.

## **12. REPORTING REQUIREMENTS**

Operators are expected to know and comply with the various reporting requirements under the Act, the Regulations and conditions of the licence.