

Annexure I to BPD Circular No.11 dated 5th April 2003

FIT AND PROPER TEST FOR APPOINTMENT OF KEY EXECUTIVES

1. Honesty, Integrity and Reputation

- (i) He/She has not been convicted of any criminal offence, particularly offences of dishonesty, fraud, financial crime or other offences under legislation relating to banking and financial services;
- (ii) He/She has not been subject of any adverse findings or any settlement in civil/criminal proceedings particularly with regard to investments, financial/business, misconduct, fraud, formation or management of a body corporate etc.
- (iii) He/She has not contravened any of the requirements and standards of regulatory system or the equivalent standards of requirements of other regulatory authorities, which would adversely reflect on the above areas.

2. Competence and Capability

He/She must have adequate professional qualification and experience commensurate to the job as determined by the bank.

3. Track Record

- (i) He/She has not been removed/dismissed in the capacity of an employee, director/ chairman on account of financial frauds, moral turpitude, misconduct and misappropriation of funds.
- (ii) No material adverse reports, from past employers of the person being considered for the key executive post.

4. Financial Soundness

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He/She has not been in default of payment of dues owed to any financial institution and/or has not been declared as defaulter in payment of any taxes in individual capacity or as proprietary concern.

5. Conflict of Interest

- (i) He/She does not head more than one functional areas that give rise to conflict of interest within the organization. For example the departments of Audit and Accounts cannot be headed by the same person.
- (ii) He/She does not hold directorship in his/her personal capacity in a business concern that is also a client of the bank/DFI as well as in any other

financial institution. The term financial institution will include any bank, investment finance company, non-banking finance company, venture capital company, housing finance company, leasing company or modaraba company.
