

GOVERNMENT NOTICE

FRIENDLY SOCIETIES

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY

No. X

2018

**STANDARDS MADE UNDER THE FINANCIAL INSTITUTIONS AND MARKETS
ACT, 2018**

The Namibia Financial Institutions Supervisory Authority has under section 410 of the Financial Institutions and Markets Act, 2018 (Act No. X of 2018), made the standards set out in the Schedule.

**Gersom Katjimune
Chairperson**

Windhoek,

2018

FINANCIAL INSTITUTIONS AND MARKETS ACT, 2018 [Act No. • of
2018]

DRAFT STANDARD

THE MANAGEMENT AND GOVERNANCE OF A FRIENDLY SOCIETY

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY

Standard No: FS.S.6.4

FINANCIAL INSTITUTIONS AND MARKETS ACT, 2018 [Act No. • of 2018]**Management and governance of a friendly society****Standard No. FS.S.6.4**

issued by NAMFISA under section 410(7)(g) of the Financial Institutions and Markets Act, 2018

Definitions

1. (1) In this Standard, “Act” means the *Financial Institutions and Markets Act, 2018* [Act No. • of 2018], and includes the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act.
- (2) Words and phrases defined in the Act have the same meaning in this Standard, unless the context indicates otherwise, including without limitation, the following-
 - (a) as defined in section 1 of the Act-
 - (i) Companies Act;
 - (ii) friendly society;
 - (iii) NAMFISA; and
 - (iv) Principal officer.
 - (b) as defined in section 284 of the Act-
 - (i) board
 - (ii) rules; and
 - (iii) society.

Applicability

2. This Standard applies to the board and principal officer of a friendly society.

Management and governance

3. The rules of a friendly society must provide for the constitution of a board, and the members of the society must, in accordance with the rules of the society, elect or appoint the members of the board who are fit and proper within the meaning of standard GEN.S.10.2.
4. The term of office of members of the board must not exceed a period of five years, but such members may be re-elected or re-appointed upon expiry of such term.
5. The board of a friendly society must have a minimum of three members and a maximum of seven members.
6. The board of a friendly society must appoint a principal officer, who is fit and proper within the meaning of Standard No. GEN.S.10.2, in accordance with the rules of the society and subject to the provisions of the Act, and must notify NAMFISA within 30 calendar days of such appointment.
7. The chairperson of the board of a friendly society must not be the principal officer of the society.
8. The members of the board must, in accordance with the rules of the society, appoint a chairperson from among their number.
9. The term of office of the chairperson must not exceed a period of three years, but a chairperson may be re-appointed for one additional term upon expiry of his or her first term of office.
10. The board of a friendly society is responsible for the sound and prudent management of the society.
11. The board must fully understand the risks associated with the society's activities, and the prudent management of those risks to ensure timely and open discussion and action regarding potential problems.
12. The board must have internal control systems and risk management strategies, to ensure that the society is able to meet its commitments to members and other applicable parties, in place.
13. At any meeting of the board of a friendly society, the chairperson must ask for a declaration of any conflict or potential conflict of interest on the part of any member of

the board regarding any matter due for discussion during the meeting, and the chairperson and the other members of the board must decide on how to manage any such conflict of interest so declared.

14. The board of a friendly society must establish policies and procedures that ensure sound governance, legal and regulatory compliance and reporting including compliance with the anti-money laundering regime as contemplated in the *Financial Intelligence Act, 2012* (Act No. 13 of 2012), and such policies and procedures must include, amongst others:
 - (a) written policies that are consistent with the business of the society specifying the internal control systems and risk management strategies to be implemented within the society;
 - (b) a formal charter that sets out the roles and responsibilities of the board and the individual members of the board;
 - (c) a fit and proper policy that is consistent with Standard No. GEN.S.10.2, which policy must apply to all board members, other officers, trustees, custodians, auditors and valuers of the friendly society.
 - (d) a documented remuneration policy, which must outline the remuneration objectives and the structure of the remuneration arrangements for officers and employees of the society, including but not limited to, performance based remuneration; and
 - (e) a documented remuneration policy, which must outline the remuneration objectives and the structure of the remuneration arrangements for the members of the board of the society, including but not limited to, performance based remuneration, and such policy must be adopted at the annual general meeting.
15. The board of a friendly society must cause to be kept in safe custody or a strong room at the principal office of the society or of a financial institution approved by the board, any mortgage bond, title deed or other security belonging to or held by the society except when held in the temporary custody of another person for or on behalf of the society.
16. The board of a friendly society must make such provisions as deemed desirable, with due regard to normal practice and recommended guidelines, pertaining to the retention of documents and for the safe custody of the books, records, documents and other effects of the society.
17. The board of a friendly society must be available to meet with NAMFISA on request.

18. In the case of a society with share capital that is incorporated under the Companies Act, its management and governance must comply with the governance provisions of the Companies Act, this Standard as well as the standard to be issued in terms of section 410(2)(n) of the Act.

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