

**GOVERNMENT NOTICE**

**GENERAL**

**NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY**

**No. 2**

**2021**

**STANDARDS MADE UNDER THE FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

The Namibia Financial Institutions Supervisory Authority has under section 395(2) (c) and 410(2) (0) of the Financial Institutions and Markets Act, 2021 (Act No. X of 2021), made the Standards set out in the Schedule.

**Gersom Katjimune**  
**Chairperson**

**Windhoek,**

**2021**

DRAFT STANDARD

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DEFINITION OF RELATED PARTY TRANSACTIONS AND IDENTIFYING THOSE THAT  
ARE PROHIBITED UNDER THE ACT/STANDARDS

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NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY

**Standard No. GEN.S.10.20**

## FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021 [Act No. 2 of 2021]

Definition of related party transactions and identifying those that are prohibited

Standard No. GEN.S.10.20

issued by NAMFISA under section 410(2)(o) of the Financial Institutions and Markets Act, 2021

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### Definitions

1. (1) In this Standard—
  - (a) “Act” means the *Financial Institutions and Markets Act, 2021* [Act No. 2 of 2021], and includes the regulations prescribed under the Act, and the standards and other subordinate measures issued under the Act; and
  - (b) words and phrases defined in the Act have the same meaning in this Standard, unless the context indicates otherwise, including without limitation, the following as defined in section 1 of the Act—
    - (i) affiliate;
    - (ii) associate;
    - (iii) director; and
    - (iv) entity.
- (2) For the purposes of this Standard, a party is related to another entity or person if the party is—
  - (a) an affiliate of the entity or an associate of the entity or person;

- (b) in a joint venture with the entity or person;
- (c) a member of the key senior management personnel of the entity or person;  
or
- (d) considered to be controlled by the entity or person pursuant to section 3 of the Act.

### **Applicability**

2. This Standard applies to all directors of financial institutions and financial intermediaries registered under the Act.

### **Meaning of the term**

3. The term “related party transactions” is defined to mean transactions involving the transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

### **Prohibited related party transactions**

4. Conflict of interest would potentially arise from related party transactions, especially if the transaction is significant.

5. The level of significance may be determined, amongst other factors, by virtue of the-

(1) reporting requirements to—

(a) NAMFISA;

(b) senior management; or

(c) shareholders; and the

(2) control in line with the shareholding agreement of the reporting entity.

6. Related party transactions which are significant and in which any conflict of interest are not disclosed, are prohibited.

7. When complying with clause 6, the directors of financial institutions and financial intermediaries registered under the Act must comply with the provisions articulated in the General Standards, Numbers 10.8 and 10.9.

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