

1. The constitution of the banking institutions referred to in No. 1 of the preceding Article requires prior authorization, to be granted case-by-case, by joint ordinance from the Prime Minister and the Minister responsible for Finance.

2. The authorization is always preceded by prior expert opinion by the Bank of Cape Verde.

Article 4 (General Conditions)

1. The authorization shall be granted when the creation of the institution in question satisfies the national economic-financial and the promoters commit to:

- a)* Adopt the form of limited responsibility capital stock company;
- b)* Endow the company with a capital stock not less than the minimum established in Article 12, subscribed to and realized under the terms foreseen in the law;
- c)* That the board of directors of the company be constituted by a minimum of three members, with adequate credibility and experience to exercise the function, and retains powers to effectively determine the direction of the activity of the institution;

2. In evaluating the need and opportunity for the institution whose authorization is requested, the following criteria shall be taken into account:

- a)* Adequacy of the objectives pursued to the Country's economic, monetary and financial policies;
- b)* Credibility of the founding shareholders, in what may directly or indirectly exercise significant influence in the activity of the institution;
- c)* Possibility that the institution will improve the diversity or the quality of the services provided to the public;
- d)* Sufficiency of technical means and financial resources relatively to the type of operations pretended;
- e)* Compatibility between the institution's development perspectives and the maintenance of a sound competition in the market in which it proposes to exercise its activity.

Article 5 (Documenting the Request)

1. The authorization request shall be addressed to the Minister responsible for Finance and delivered to the Bank of Cape Verde accompanied by the following elements:

- a)* Fundamented presentation regarding the financial-economic reasons that justify the constitution of the institution;
- b)* Characterization of the type of institution to be constituted, its geographic implantation and organizational structure with the specification of the material, technical and human resources to be utilized;

without prejudice to the penal sanctions applicable to the case;

- b)* The institution ceases or significantly reduces the activity for a period greater than 6 months;
- c)* Some of the conditions required by subparagraph a), b) or e) of No. 1, Article 4, cease to be verified;
- d)* The registration of the designations of member of the Board of Directors is refused for lack of credibility or experience;
- e)* The institution does not provide guarantee of compliance with the obligations before creditors, especially with regard to the security of the funds that may have been entrusted to it;
- f)* Grave infraction in the administration, in the organization of the accounting or in the internal oversight of the situation;
- g)* The institution repeatedly fails to comply with the laws, regulations and instructions that discipline the activity.

The fact foreseen in subparagraph d) of the preceding number shall not constitute fundament for revocation if, within the deadline established by the Bank of Cape Verde, the institution proceeds to the designation of another administrator whose registration is accepted.

3. When the authorization of an already constituted institution is revoked, a liquidatory committee shall be appointed under the terms and for the purposes of the applicable legislation.

Article 11 **(Formalities of Revocation)**

1. Having heard the authority referred to in No. 2 of Article 3, the revocation of the authorization assumes the form of a joint ordinance of the Prime Minister and the member

2. On the date of its constitution, the capital stock of the banking institutions must be entirely subscribed to and realized in amounts not smaller than the minimum referred to in the preceding number. The remainder should be realized within six months counting from that same date.

Article 13
(Participation in the Capital Stock)

1. The shares representative of at least 80% of the capital stock are obligatorily nominative or registered to the bearer.

2. No shareholder, except for the State may, directly or by interposed person, retain participation greater than one fifth of the capital stock, save if a higher participation but not greater than one third is authorized by the tutelage entity, in special cases, having heard the Bank of Cape Verde.

3. The inter-living transmissions of the shares, under any title, when a participation greater than one fifth results from them, as well as any act that involves the attribution of the right to vote or other corporate rights to a person other than the owner depend on the authorization of the Minister responsible for finance, having heard the Bank of Cape Verde, under penalty of annulment.

4. Up to five days before the general assembly meets, the list of shareholders with indication of the respective participation in the capital st

1. Aside from others covered by general or special provisions, the following are inhibited from being part of banking institutions corporate organs:

- a)* Those that have been declared by executable sentence, bankrupt, or insolvent or deemed responsible for bankruptcy or insolvency of companies whose management they assured or in which they were administrators, directors or managers;
- b)* Those that have performed the functions referred to in the preceding subparagraph in companies whose bankruptcy or insolvency was prevented, suspended or avoided by intervention of the State, composition or equivalent means.
- c)* The persons condemned for crimes of falsification, theft, robbery, fraud, usury or economic crimes;
- d)* Those without recognized credibility, under the terms of subparagraph b) 11.2 of Article 4.

2. Likewise, the following cannot be part of the administration or oversight organs of banking institutions:

- a)* The credit institutions, in the cases related to subparagraph a), No. 3 of Article 32 of Decree-Law No. 52-E/90, of 4 July;
- b)* The administrators, directors, managers, consultants, technicians or representative of other credit institutions including foreign institutions or branches thereof;
- c)* Two or more relatives or persons related between themselves, respectively up to the 3rd or 2nd degree, nor two or more persons that are partners or members of the administration and oversight organs of the same company;
- d)* Those that perform the functions referred to in subparagraph b) or that are workers of singular or collective persons that retain more than one fifth of the shares of the institution in question, of any other credit institution or companies controlled by them.

Sub-Section IV Alteration of the Statutes

Article 17 (Statutory Alterations)

- 1. The alterations to the banking institutions statutes require prior authorization from the Bank of Cape Verde.
- 2. The decision must be preferred within forty-five days counting from the date of delivery of the necessary elements in the Bank of Cape Verde.

Sub-Section V Merger, Break-up and Modifications

Article 18 (Special Authorization)

- 1. Under special conditions and upon expert opinion from the Bank of Cape Verde, the merger, break-up or modification of the object of the banking institutions may be authorized.

2. The authorizations shall be granted in the form of dispatch by the tutelage entity.

3. In the dispatch referred to in the preceding number, the special conditions not foreseen in the legislation applicable to the commercial companies may be established, always without prejudice to the preceding norms of this diploma.

Section II Constitution of Banking Institutions

Article 19 (Applicable Norms)

The provisions of Articles 3 through 18 of this legislation, with the necessary adaptations and with the specialties contained in this Section, apply to the constitution of banking institutions with main office in Cape Verde when requested, in whole or in part, by single or collective persons of foreign nationality.

Article 20 (Special Conditions)

1. The administrators with foreign nationality must have knowledge of the Portuguese language.

2. A minimum of 50% of the institution's workers must have cape-verdian nationality.

Article 21 (Revocation of the Authorization)

The authorization may also be revoked if grave facts or situations occur, principally of a financial nature pertaining to foreign shareholders of the institution in question that significantly affect the Country's socio-economic interests.

Section III Branches of Foreign Banking Institutions

Article 22 (Applicable Norms)

Article 10, takes place. ;

- b) Any of the conditions of Articles 25, 27 and 28 cease to take place.
- c) If grave facts and situations occur, principally of a financial nature regarding the foreign shareholders of the institutions in question, that significantly affects the country's financial and economic interests.

2. The authorization must be revoked if the authorities of the country in which the parent institution has main office removes the authorization that parent organization needs to carry out its activity in that country.

3. The revocation shall not harm the provisions of Article 26.

4. The revocation is executed under the terms of Article 11.

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Article 25

(Affectation of Capital of the Branches)

1. The capital affected to the operations to be executed by the branches in the national territory must be adequate to guarantee these operations and not less than the minimum foreseen in Article 12, without prejudice to the foreign institutions answering for the operations executed by their branches in Cape Verde.

2. The Bank of Cape Verde shall determine the rules for the determination of what is considered capital affected.

3. The minimum amount of the capital affected must be deposited in the Bank of Cape

2. The managers are subject to the requisites of credibility and experience required to the administrators of credit institutions with main office in Cape Verde.
3. The branches are obligated to use the Portuguese language in its accounting book keeping.
4. A minimum of 50% of the branch workers must be of Cape-verdian nationality.
5. The managers of foreign nationality must have sufficient knowledge of the Portuguese language.

Article 28
(Centralization of the Accounting)

The foreign credit institutions shall maintain, centralized in their first branch, a specific accounting of their operations executed in Cape Verde.

Article 29
(Alteration of the Operating Conditions)

The provisions of Articles 17 and 18 shall apply to the alteration of the conditions in which the opening of the branches was authorized.

Section IV
Agencies

Article 30
(Special and Prior Authorization)

The opening of agencies of institutions with main office in Cape Verde or agencies of the first branches in Cape Verde of credit institutions with main office in a foreign country shall require special prior authorization from the Bank of Cape Verde.

Article 31
(General Conditions)

1. In the evaluation of the authorization request the interest to the economy of locality or area must be taken into account.
2. In the evaluation of the interest of the local economy, the economic situation of the municipality or island, the number and the nature of already established banking institutions, the volume of deposits or other monetary resources and the respective applications, by credit approval or in some other form, executed by the referred institutions.
3. One authorization condition is that the sum of the capital and the reserves of the institution be adequate to guarantee the operations to be executed by the agency.

Article 32
(Documenting the Process)

1. The authorization request is filed in the Bank of Cape Verde.

1. The banking institutions established in Cape Verde, with main office in a foreign country may use the firm or the denomination that