



FINANCIAL SERVICES AUTHORITY
SAINT VINCENT & THE GRENADINES

**GUIDELINES ON THE NOMINATION OF DIRECTORS AND MEMBERS
OF COMMITTEES TO CREDIT UNIONS IN ST. VINCENT & THE
GRENADINES**

Introduction

The purpose of this document is to provide Credit Unions operating in St. Vincent and the Grenadines with information that will guide the process of identifying, selecting and obtaining the most appropriate persons within the membership of a Credit Union, to serve on the Board of Directors ('the Board') and other Credit Union Committees ('Committees'). The guidance provided herein is in keeping with governing legislation, corporate governance principles and overall best practices.

Scope of Application

These Guidelines apply to all credit unions registered pursuant to the Cooperatives Societies Act, Act No. 12 of 2012.

Establishment and Purpose of a Nominations Committee

The Board of a Credit Union should establish a Nominations Committee ('the Committee') to oversee the nomination process for the election of all Board and Committees members.

The Nomination Committee shall have written terms of reference which clearly set out its authority and duties.

Appointment and Constitution of the Committee

1. The Committee should be appointed by the Board at the beginning of each calendar year to ensure that a period of at least three months is given to the Committee to carry out its functions prior to the annual elections.
2. The Committee should comprise a minimum of three members including one Director of the Board and the majority of members of the Committee, including the Chairman of the Committee, should be independent of the Board and the Credit Union as an institution. Independence from the Credit Union for this purpose denotes not being employed or contracted by the Credit Union. For example, should the Committee consist of 5 members, a satisfactory combination would be: 1 Director, 1 member of staff of the Credit Union and 3 members drawn from the membership of the Credit Union.

3. The Nominations Committee has the duty to provide a report of any meetings, decisions made and proposed actions, to the Board and to the members.

Duties of the Committee

The Committee shall:

1. formulate the eligibility criteria for Directors of the Board and members of Committees in conformity with the fit and proper requirements set out in the Co-operative Societies Act, Financial Services Authority Regulations and Corporate Governance Guidelines. The Committee may consult with the Board on this matter;
2. establish a clear nominations process/procedure;
3. make available, information relating to (1) and (2) above to the Board and the membership of the Credit Union via the most all - embracing medium;
4. publicize vacancies for election of new directors;
5. receive nominations for new nominees or current sitting directors eligible to be nominated for re-election and carefully review details pertaining to each proposed nominee to determine the nominee's eligibility, availability and willingness to serve;
6. recommend eligible nominees to the membership for election to the Board and other Committees; and
7. make recommendations to the Board on relevant matters relating to:
 - a) policies and procedures to be followed for the nomination, election and re-election of board members and other elected Officers including alternate directors, if applicable;
 - b) the review of Board succession plans for directors, in particular, for the Chairman;
 - c) the review of training and professional development programmes for the Board; and
 - d) the independence of directors (fit and properness), including periodic review.

Nominees

1. The Committee should use the most appropriate medium to communicate to members the procedures and the time to submit nominations in order to ensure that all members who are qualified and willing to serve, are given due consideration by the Committee.
2. The selection of nominees should be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including skills set and gender.
3. In considering appointment and re-appointment of directors including composition and progressive refreshing of the Board, the Committee should take into account the directors' competencies, commitment, contribution and performance (*e.g. attendance, preparedness, participation and candour*).
4. To be eligible to be elected as Director of the Board or members of Committees, an individual must meet the following criteria:
 - a) Be a member of the Credit Union for a minimum period as stipulated by the Bye Laws of the Credit Union;
 - b) Be a citizen or legal resident of St. Vincent and the Grenadines;
 - c) Be 18 years or older;
 - d) Must provide the Credit Union with a valid police record showing no criminal conviction for the past seven (7) years;
 - e) Shall maintain and ensure that all affairs and business with the Credit Union are in good standing for a period of no less than five (5) years immediately preceding the nominations process;
 - f) Be at least one of the following:
 - i. A university graduate or qualified professional;
 - ii. Be a businessperson or an individual who has worked in a management capacity for at least 5 years;
 - iii. Be an individual that has knowledge and/or experience that in the opinion of the Board's Nomination and Election Committee is regarded as being relevant to the position of Director of the Credit Union;
 - g) Meet the FSA's 'fit and proper' criteria that is, by an assessment of the following:
 - i. competence and capability;
 - ii. honesty, integrity and reputation; and
 - iii. financial position.

In determining ***competence and capability***, regard should be had to whether the person is capable at all times of performing the role for which they have been employed or for which they are being recruited. Regard should be had to matters including but not limited to:

- a. whether the person satisfies and/or has demonstrated by experience and training or qualification that he or she is able, or will be able, to perform the function;
- b. whether the person was convicted of, or dismissed or suspended from employment for, drug or alcohol abuses or other abusive acts;
- c. whether the person has the mental capacity to be undertake the function; and
- d. whether the person has sufficient time and commitment to properly discharge his duties.

In determining a person's ***honesty, integrity and reputation***, regard should be had to matters including, but not limited to, those set out below. A determination should be made on whether the person's reputation may have an adverse impact upon the Credit Union for which the proposed function is or is to be performed. The matters to be considered are as follows:

- a. whether the person has been convicted of any criminal offence; particularly an offence involving dishonesty, fraud, financial crime or other offences relating to banking and financial services, companies, insurance and consumer protection or is subject to any pending criminal or civil proceedings which may lead to a conviction by any Court, whether in the State or elsewhere;
- b. whether the person has been the subject of, or interviewed in the course of, any existing or previous investigation enforcement or disciplinary proceedings, by the Authority, or any other regulatory authorities (including a previous regulator), professional bodies, or government bodies or agencies, whether in the State or elsewhere;
- c. whether the person has contravened any of the requirements and standards of the regulatory system or the equivalent standards or requirements of other regulatory authorities (including a previous regulator), professional bodies, or government bodies or agencies whether in the State or elsewhere;
- d. whether the person has been the subject of any justified complaint relating to regulated activities;
- e. whether the person has been involved with a company, partnership or other organization that has been refused registration, authorization, membership or a licence to carry out a trade, business or profession, or has had that registration, authorization, membership or licence revoked, withdrawn or terminated, or has been expelled by a regulatory or government body;

- f. whether, as a result of the removal of the relevant licence, registration or other authority, the person has been refused the right to carry on a trade, business or profession requiring a licence, registration or other authority;
- g. whether the person has been a director, partner, or concerned in the management, of a business that has gone into insolvency, liquidation or administration while the person has been connected with that organization or within one year of that connection;
- h. whether the person, or any business with which the person has been involved, has been investigated, disciplined, censured or suspended by a regulatory or professional body, a court or Tribunal, whether publicly or privately;
- i. whether the person has been dismissed, or asked to resign and resigned, from employment or from a position of trust, fiduciary or similar appointment;
- j. whether the person has ever been disqualified from acting as a director or disqualified from acting in any managerial capacity;
- k. whether, in the past, the person has been candid and truthful in all his dealings with any regulatory body and whether the person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards; and
- l. whether the person is an undischarged bankrupt.

Although directors, senior managers and key functionaries are not expected to have substantial resources, the *financial positions* of these persons are useful to determine their prudence and ability to withstand financial temptation. The Committee should assess:

- a. whether the person has been the subject of any judgment debt or award in the State or elsewhere, that remains outstanding or was not satisfied within a reasonable period; and
- b. whether, in the State or elsewhere, the person has made any arrangements with creditors, filed for bankruptcy, had a bankruptcy petition served on him, been adjudged bankrupt, been the subject of a bankruptcy restriction order, offered a bankruptcy restrictions undertaking, had assets sequestrated, has an order for the garnishment of wages made against him or has been or is involved in proceedings relating to any of these circumstance.

Notwithstanding the aforementioned principles, a person may not be fit and proper where his or her proposed functions with a Credit Union will materially conflict with any other function that he or she undertakes or will undertake. In determining the materiality of the conflict, regard should be had to whether the conflict could be managed and if so, whether satisfactory arrangements could or will be put in place to manage them.

- h) Have knowledge and/or experience that in the opinion of the Committee is regarded as being relevant to the position of Director or members of Committees at the Credit Union.
- 5. In addition to the criteria outlined above, the Committee shall take the following matters into account in determining suitability of nominees:
 - a) affiliations or interests in businesses relating to the credit union;
 - b) any relationships including family and business relationships between a nominee and the current directors, the credit union or its shareholders;
 - c) experience with a financial entity, if any ;
 - d) present and past directorships or chairmanships including those held over the preceding three years in other financial entities; and
 - e) other principal commitments.

Nominations and Election Process

1. Nominations for election may originate either from the Committee or from the floor at the Annual General Meeting.
2. No member of the Nominations Committee is eligible for nomination either by the Committee or from the floor.
3. Members of the Nominations Committee must refrain from any and all activities which will unduly influence the outcome of elections. Where such action is deemed by the FSA to have occurred, the FSA reserves the right to object to or veto such nominees from the election process.
4. Any appointments arising from nominations from the floor must be approved by the FSA. The FSA reserves the right to object to an appointment on the basis of the appointee not meeting the FSA's fit and proper criteria for appointment as a Director set out on its FSA Regulations and Corporate Governance Guidelines.
5. Should such a right of objection as outlined in (3) and (4) above be exercised by the FSA, the Credit Union or the newly elected Board has the onus of reverting to its membership to replace the member(s) against whom the objection has been raised.
6. In order to minimize the inconvenience caused by the right of the FSA to veto appointments which do not meet fit and proper criteria, it is in the Credit Union's best interests to ensure that all nominees are properly assessed against the afore-stated criteria prior to election. Consequently, the Committee should ensure that it establishes an appropriate nomination and election procedure, which takes into account the FSA's right to veto appointments, as described. Such a procedure must be transparent and known by its membership – for example, circulating the eligibility criteria for nominees to its members and inviting

nominations from same, either through public publications and/or to its membership, as referenced above.

7. Election of directors and Committees Members shall take the form of voting by secret ballot, under the supervision of a qualified Auditor or where necessary, the FSA.
8. No Proxy voting is permissible.

Accountability of Directors

1. Board members can and will be held accountable for their actions, not only by the membership but by the FSA.

COMMENCEMENT

These Guidelines shall come into effect as of the 31st day of December, 2015.

Issued by:

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