

**THE BANKING (FEES) REGULATIONS**

[Legal Notice 188 of 1994]

1. These Regulations may be cited as the Banking (Fees) (Amendment) Regulations and shall come into operation on the 17th June, 1994.
2. The fees specified in the Schedule shall be payable prior to the granting of a licence to an institution to carry on business under the Act.
3. The Banking (Fees) Regulations, 1991 (LN. 240/1991) are revoked.

**SCHEDULE**

[r. 2]

**FEES****KSh.**

1.	(a)	On the granting of a licence to an institution and each anniversary thereof .....	400,000
	(b)	Additionally, in respect of each branch of an institution within a municipality .....	150,000
	(c)	Additionally, in respect of each branch of an institution within a town council area .....	100,000
	(d)	Additionally in respect of an urban council area .....	30,000
2.		On application for a licence to conduct business or open a branch of an institution .....	5,000
3.	(a)	On application for an authority to establish a representative office .....	5,000
	(b)	On granting of an authority to a representative office and each anniversary thereof .....	20,000



**THE BANKING (PENALTIES) REGULATIONS**

[Legal Notice 77 of 1999, Legal Notice 164 of 1999]

1. These Regulations may be cited as the Banking (Penalties) Regulations and shall apply to all banks and other institutions licensed under the Act to conduct business in Kenya.

- (a) Any institution or other person who fails or refuses to comply with any directions given by the Central Bank under the Act shall be liable to a penalty not exceeding one million shillings in the case of an institution, or one hundred thousand shillings in the case of a natural person.
- (b) The Cabinet Secretary may prescribe additional penalties not exceeding ten thousand shillings in each case for each day or part thereof during which such failure or refusal continues.

3. (1) The following shall constitute specific violations by an institution of the directions given by the Central Bank which shall be subject to assessment of monetary penalties under these Regulations—

- (a) Loans, advances or other credit facilities granted by the institution to any person in excess of 25% of the institution's core capital;
- (b) Outstanding unsecured advances to any of the institution's employees or their associates;
- (c) Outstanding advances, loans or credit facilities which are unsecured or not fully secured—
  - (i) to any of its officers or their associates; or
  - (ii) to any person of whom or of which any of its officers has an interest as an agent, principal, director, manager or shareholder; or
  - (iii) to any person of whom or of which any of its officers is a guarantor;
- (d) Outstanding advance, loan or credit facility to any of its directors or other person participating in the general management of the institution which—
  - (i) has not been approved by the full board of directors of the institution upon being satisfied that it is viable;
  - (ii) has not been made in the normal course of business and on terms similar to those offered to ordinary customers of the institution; and
  - (iii) has not been reported to the Central Bank within seven days thereof as being approved under (i) above;
- (e) An aggregate of credit facilities to any one of the institution's shareholders, directors, officers or employees which is in excess of twenty per cent of the institution's core capital;
- (f) The aggregate of loans, advances and other credit facilities to share holders, directors, officers and employees is in excess of one hundred per cent of the institution's core capital;
- (g) Failure of the institution to—
  - (i) exhibit its annual audited accounts, throughout each year, in a conspicuous place in every office and branch in Kenya; or
  - (ii) publish its annual audited accounts in a national newspaper within the number of months of the end of each financial year as prescribed under the minimum disclosure requirements prescribed from time to time by the Central Bank;
- (h) Failure of the institution to submit, not later than three months after the end of its financial year, to the Central Bank its annual audited accounts and a copy of the auditor's report in the prescribed form;
- (i) Failure of the institution to furnish, at such time and in such manner as the Central Bank may direct, such information in accurate and complete manner

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[Subsidiary]

as the Central Bank may require to properly discharge its functions under the Act.

(2) Monetary penalties on non-compliance with other directions not covered herein above may be levied by the Central Bank.

[L.N. 164/1999, r. 2.]

- (a) The Central Bank, after reviewing all available information and examining the existence of the contravention or violations of one or more of the provisions referred to herein, shall notify the institution in writing advising it of its findings and its decision to assess the penalties.
- (b) A notification under (a) above shall advise the institution of a reasonable time-frame within which the violation shall be rectified.

5. Following the notification and expiration of the time-frame designated in 4 above, or sooner if advised by the institution of the correction of the violation, the Director of Bank Supervision of the Central Bank shall instruct the institution, in writing, as to the amount of monetary penalties assessed and the manner in which such monies shall be paid to the Central Bank.

- (a) Where the Central Bank is not satisfied, either by evidence provided by the institution or information obtained by the Central Bank, that the violation has been rectified as directed, the daily monetary penalty prescribed in regulation 2(b) shall continue to accrue.
  - (b) Once the Central Bank is fully satisfied that the violation has been rectified, the daily penalty shall cease to accrue and the institution shall be assessed the aggregate penalty.
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