THE BANKING AND FINANCIAL INSTITUTIONS (CORPORATE GOVERNANCE) REGULATIONS, 2026.

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THE BANKING AND FINANCIAL INSTITUTIONS ACT,

(CAP. 342)

REGULATIONS

(Made under section 71)

ARRANGEMENT OF REGULATIONS

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THE BANKING AND FINANCIAL INSTITUTIONS ACT,

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THE BANKING AND FINANCIAL INSTITUTIONS (CORPORATE GOVERNANCE REGULATIONS, 2026

PART I **PRELIMINARY PROVISIONS**	
Citation	**1.** These Regulations may be cited as the Banking and Financial Institutions (Corporate Governance) Regulations, 2026.
Application	**2.** These Regulations shall apply to a bank or financial institution except where specifically prescribed otherwise by the Bank in any other Regulations.
Interpretation	**3.** In these Regulations, unless the context otherwise requires-
Cap. 342	"Act" means the Banking and Financial Institutions Act;
	"Bank" means the Bank of Tanzania;
	"bank" means an entity that is engaged in the banking business;
	"Board" means the Board of Directors of a bank or financial institution;
	"conflict of interest" means a situation in which someone in a position of trust has competing professional, business or personal interest, making it difficult to fulfil his duties impartially;
	"control functions" means the functions that provide objective assessment, reporting and assurance and includes risk management function, compliance function and the internal audit function;
	"corporate governance" means a set of relationships between a company's management, its Board, its shareholders and other stakeholders, which provide the structure through which the objectives of the company are set, and the means of attaining

	those objectives and monitoring performance, including how the Board and senior management:
	(a) set the bank's or financial institution's strategy and objectives;
	(b) select and oversee personnel;
	(c) operate the bank’s or financial institution’s business on a day-to-day basis;
	(d) protect the interests of depositors, meet shareholder obligations, and take into account the interests of other recognized stakeholders;
	(e) align corporate culture, corporate activities and behaviour with the expectation that the bank or financial institution will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations; and
	(f) establish and oversee control functions.
	“complex or opaque structures” means legal, ownership or transactional arrangements that unnecessarily obscure the identity of beneficial owners, the source of funds, controlling interests, governance arrangements or the nature and purpose of transactions;
Cap. 212 and Z. Act No. 15 of 2013	"director" means any person by whatever title or designation known, carrying out or empowered to carry out functions in relation to the direction of a bank or financial institution which are substantially the same as those carried out by a member of the Board of Directors of a company incorporated under the Companies Acts;
	"duty of care” means the duty of a member of the Board to decide and act on an informed and prudent basis with respect to the bank or financial institution;
	"duty of loyalty" means the duty of a member of the Board to act in good faith and in the interest of the bank or financial institution and it should prevent a member of the Board from acting in his own interest, or the interest of another individual or group, at the expense of the company and shareholders;
	"executive capacity" means a position or role involving responsibility for the day-to-day management of a bank or financial institution, including service in full-time salaried employment with a bank or financial institution;

	"executive director" means a person who is involved in the day-to-day management of a bank or financial institution or is in full time salaried employment of the bank or financial institution and sits on the Board of directors;
	"financial institution" means an entity engaged in the business of banking, but limited as to size, locations served, or permitted activities, as prescribed by the Bank or required by the terms and conditions of its licence;
	"independent director" means a director who: -
	(a) does not hold any executive or management position in a bank or financial institution;
	(b) does not have, directly or indirectly, a significant interest in the bank or financial institution including any parent or subsidiary in a consolidated group with the bank or financial institution;
	(c) has not been employed by the bank or financial institution or a banking group of which he currently forms part in any executive capacity for the preceding three years;
	(d) is not a member of the family of an individual who is, or has been in any of the past three years, employed by the bank or financial institution or the banking group in an executive capacity;
	(e) is not a professional advisor to the bank or financial institution or the banking group;
	(f) is free from any business or other relationship which seems to interfere with the individual's capacity to act in an independent manner; and
	(g) does not receive remuneration contingent upon the performance of the bank or financial institution;
	"member of a family" means parent, spouse, brother, sister, child, uncle, aunt, nephew, niece, grandfather, grandmother, stepfather, stepmother, stepchild, and adopted child of the person concerned, and in case of an adopted child his adopter or adopters;
	"non-executive director" means a person who does not hold any executive or management position in a bank or financial institution;

	"remuneration committee" means a Board committee responsible for overseeing the compensation system's design and operations on behalf of the Board;
	"senior management" means a Chief Executive Officer, head of function, any other senior manager reporting to the Chief Executive Officer and any person, other than a member of the Board, who, individually or as a group-
	(a) makes or participates in making decisions that affect the whole or a substantial part of the business of the bank of financial institution;
	(b) has the capacity to affect the bank's or financial institution's financial standing; or
	(c) may affect the whole, or a substantial part, of the business of the bank or financial institution or its financial standing through their responsibility for-
	(i) enforcing policies and implementing strategies approved by the Board of the bank or financial institution;
	(ii) developing and implementing systems that identify, assess, manage or monitor risks in relation to the business of the bank or financial institution; or
	(iii) monitoring the appropriateness, adequacy and effectiveness of risk management systems.
	"significant interest" means a holding of five per cent or more of the voting shares of a bank or financial institution;
	"subsidiary" means a company that is owned or controlled by another company.
Objectives	**4.** The objectives of these Regulations are to:
	(a) promote and maintain public confidence in banks and financial institutions;
	(b) establish standards for corporate governance processes and structures; and
	(c) provide guidance to directors for proper discharge of their fiduciary responsibilities.

PART II GOVERNANCE OF BANKS AND FINANCIAL INSTITUTIONS	
Establishment of the Board	**5.** A bank or financial institution shall establish a Board of Directors which shall be the governing body of the bank or financial institution.
Members of the Board	**6.** -(1) The Board shall be composed of not less than seven members, majority of whom shall be non-executive.
	(2) In appointing members of the Board, the appointing authority shall ensure that at least -
	(a) two thirds of the non-executive members are independent and have requisite experience in banking, finance, accounting, auditing, law, economics, cybersecurity, or information and communication technology; and
	(b) two of the members are Tanzanians.
	(3) A person shall not simultaneously serve as a member of the Board or in any executive capacity in more than one bank or financial institution in Tanzania.
	(4) Notwithstanding sub-regulation (3), and subject to prior approval of the Bank, a person may simultaneously serve as a member of the Board or in any executive capacity in more than one bank or financial institution, provided there is no conflict of interest.
	(5) A bank or financial institution existing prior to the commencement of these Regulations shall be given a moratorium of six months from the date of publication of these Regulations to comply with the requirements provided under sub-regulations (1) and (2).
Board Charter	**7.** A bank or financial institution shall establish and maintain a Board Charter, approved by the Board, which shall, at minimum, include:
	a) composition of the Board including the minimum number of non-executive directors;
	b) duties and responsibilities of the Board;
	c) frequency of Board meetings;
	d) the role of the Board Chairperson, executive, non-executive and independent directors
	e) nomination and termination process for non-executive directors;
	f) the tenure and retirement age of non-executive directors;

	g) remuneration of non-executive directors;
	h) succession planning for non-executive directors;
	i) areas that may constitute conflict of interest in relation to Board operation and its activities;
	j) matters reserved for the Board;
	k) the role of the company secretary; and
	l) operations and evaluations of the Board.
Chairperson of the Board	**8.** The chairperson of the Board shall-
	(a) be a non-executive director;
	(b) not be a member ·of Audit Committee or Credit Committee of the Board; and
	(c) not serve as chairperson of any Board Committee.
Formation of Board Committees	**9.** The Board shall form an Audit Committee, Credit Committee, Remuneration Committee and such other Committees as it may deem necessary for the discharge of its functions.
Board Committee charter	**10.** Each Committee shall have a charter or other instrument that sets out;
	a) composition;
	b) mandate;
	c) scope;
	d) frequency of the meetings;
	e) the manner of reporting to the Board; and
	f) tenure limit of serving the Board.
Board Committee members	**11. -**(1) The Board Committees shall consist of non-executive directors, and the number of Committee members shall not be less than three.
	(2) Subject to sub-regulation (1), at least two of the Audit Committee members shall be independent members having accounting, auditing or related financial management experience.
	(3) A member of the Audit Committee shall not simultaneously serve as a member of other Board Committees.

Disclosure of Board Committees	**12.** The Board shall disclose the committees it has established, their mandates and their composition in the audited financial statements.
Maintenance of records	**13.** The Board and its Committees shall maintain appropriate records of their deliberations and decisions.
Tenure of Office	**14.** -(1) A member of the Board or a Chief Executive Officer of a bank or financial institution shall not hold office for a consecutive period of more than ten years.
	(2) Where a bank or financial institution is a product of merger, acquisition, takeover or any other form of combination, the period of ten years referred to under sub-regulation (1) shall include the pre and post combination years of a member of the Board or Chief Executive Officer.
	(3) A person who has served as a member of the Board or Chief Executive Officer of a bank or financial institution for a consecutive period of ten years shall not qualify for appointment in his former bank or financial institution in any capacity until after a period of three years.
Persons not eligible for appointments as Directors	**15.** (1) A member of Parliament or House of Representatives or councilor of local government authority shall not be appointed as a director of a bank or financial institution.
	(2) Subject to sub-regulation (1), a member of the Board of Directors of a bank or financial institution shall cease to be a member of the Board upon being appointed as member of Parliament or House of Representatives or councilor of local government authority.
Reporting of vacancy and exceptional events	**16.** A bank or financial institution shall, in writing and within seven days, notify the Bank of any-
	(a) vacancy in a post of senior management or a member of the Board; and
	(b) exceptional events that constitute a departure from the proper conduct of banking business, infringement of the provisions of the law or violation of the interests of stakeholders.

PART III SELECTION AND ASSESSMENT OF MEMBERS OF THE BOARD	
Selection of members of the Board	**17.** -(1) The Board shall establish and approve policy or procedures for identifying, assessing, nominating, and selecting Board candidates.
	(2) In assessing suitability of a person to be appointed to the Board, a bank or financial institution shall consider -
	(a) honesty, integrity, diligence, fairness, competence, capability and financial soundness of the candidate;
	(b) possession of knowledge, skills, experience and independence of mind given his responsibilities on the Board and in the business and risk profile of bank or financial institution;
	(c) availability of sufficient time to fully discharge his responsibilities;
	(d) conviction of an offence involving fraud or dishonesty;
	(e) non-involvement as a member of the management or Board in a bank or financial institution whose licence has been revoked or which has gone into compulsory liquidation;
	(f) absence of bankruptcy record or suspension of payments or compounding with creditors; and
	(g) absence of record of removal from any office held, whether as a director or officer, at any other bank or financial institution, by the Bank.
Approval for the appointment of a member of the Board or senior management	**18.** A bank or financial institution shall not appoint any person in senior management position or as a member of the Board and assign that person responsibilities unless it has obtained prior approval of the Bank.
Undertaking by a member of the Board	**19.** A member of the Board shall make and submit to the Bank a written undertaking that he shall-
	(a) fulfill his obligations towards maintaining a safe, sound and profitable bank or financial institution; and

Cap. 197 and Cap. 271	(b) comply with the provisions of the Act, Bank of Tanzania Act, Foreign Exchange Act, regulations, guidelines and directives issued by the Bank.
Induction and training programmes	**20.** -(1) A bank or financial institution shall ensure that directors participate in induction programmes and have access to ongoing training on relevant issues.
	(2) A bank or financial institution shall, within thirty days from the end of the year, submit a report to the Bank on induction programs and trainings under sub-regulation (1) conducted in the previous year.
Conflict of interest	**21.** -(1) A member of the Board shall not have any conflict of interest that may impede his ability to perform his duties objectively.
	(2) The Board shall ensure that the bank or financial institution establishes and maintains policies, procedures and controls to identify, disclose, prevent, manage and monitor conflicts of interest
	(3) Notwithstanding the requirements of sub-regulation (1), a bank or financial institution may appoint a practicing professional as a director provided that he is not employed by or partner in a firm, which is engaged to conduct audit of or consultancy work for the bank or financial institution.
	(4) A practicing professional who is appointed as a director of a bank or financial institution shall exercise the highest degree of integrity and professionalism and shall avoid being involved or appearing to be involved in any self-serving practices and conflict of interest situations.
Board assessments	**22.** -(1) The Board shall, either alone or with the assistance of external expert, carry out assessment of the Board, its Committees and individual members of the Board at least once a year by-
	(a) reviewing its structure, size and composition;
	(b) assessing the ongoing suitability and performance of each member of the Board; and
	(c) either separately or as part of these assessments, reviewing the effectiveness of governance practices and procedures, determining where improvements may be needed, and making any necessary changes.
	(2) A bank or financial institution shall submit the report of the assessment made under sub-regulation (1) to the Bank within thirty days from the date of completion of the assessment.

PART IV RESPONSIBILITIES OF THE BOARD AND LIABILITIES OF DIRECTORS	
Responsibilities of the Board	**23.** The Board shall be responsible for providing oversight on all affairs of a bank or financial institution including: -
	(a) risk management;
	(b) approval of business strategies and policies;
	(c) hiring capable senior management; and
	(d) overseeing senior management implementation of strategies, policies and risk appetite approved by the Board.
Appointment and oversight of senior management	**24.** The Board shall appoint senior management with adequate knowledge and expertise, and-
	(a) set appropriate performance and remuneration standards for senior management consistent with the long term strategic objectives and the financial soundness of the bank or financial institution;
	(b) hold members of senior management accountable for their actions; and
	(c) establish appropriate succession plan for senior management positions.
Approval of strategies, plans and policies	**25.** -(1) The Board shall approve the strategies, business plans, and key policies, and oversee management's implementation of, and compliance with, such strategies, business plans, and key policies.
	(2) A bank or financial institution shall review the key policies referred to in sub-regulation (1) at least once every year or more frequently where necessary.
	(3) A bank or financial institution shall submit to the Bank the key policies referred to in sub-regulation (1), as prescribed under the Banking and Financial Institutions (Licensing) Regulations, within thirty days after their approval by the Board.
	(4) Where a key policy submitted under sub-regulation (3) is amended, the bank or financial institution shall submit the revised policy to the Bank and clearly identify the amendments made.

Promotion of sound corporate culture	**26.** The Board shall, for the purpose of promoting sound corporate culture-
	(a) set corporate values to be adhered to by the Board, senior management and other employees;
	(b) create a strong risk culture by-
	(i) conveying the Board's expectation that it does not support excessive risk-taking;
	(ii) requiring employees to operate within the agreed risk appetite and risk limits;
	(c) establish and communicate corporate values, professional standards and code of conduct throughout the bank or financial institution; and
	(d) inform senior management and employees of the disciplinary or other actions to be taken for breach of professional standards or code of conduct.
Setting lines of responsibility and accountability	**27.** The Board shall establish lines of responsibility and accountability, which shall be communicated throughout the bank or financial institution.
Duty of care and loyalty	**28.** Members of the Board shall exercise their duty of care and loyalty to the bank or financial institution in accordance with applicable laws and supervisory standards.
Capital and Liquidity adequacy assessment	**29.** The Board shall approve and oversee the implementation of capital and liquidity adequacy assessment process of the bank or financial institution.
Risk Management	**30.** The Board shall be responsible for managing risks in the bank or financial institution in accordance with Risk Management Guidelines for Banks and Financial Institutions.
Risk Management, compliance and audit functions	**31.** -(1) The Board shall establish departments or units responsible for risk management, compliance and audit that are properly positioned, staffed, resourced and carry out their responsibilities independently.

	(2) The Board shall utilize the work of risk management, compliance and audit functions as independent checks on the information received from management on the operations and performance of the bank or financial institution.
Approval of activities, product and services	**32.** The Board shall approve introduction of a new activity, product, or service, and enhancement, modification, or upgrade of an existing activity, product, or service of the bank or financial institution.
Stakeholders interests	**33.** The Board shall, in discharging its responsibilities, take into account the legitimate interests of depositors, shareholders and other relevant stakeholders.
Liabilities of Directors	**34.** -(1) In the performance of his functions under the Act and these Regulations a director shall-
	(a) execute an undertaking that he shall-
	(i) jointly and severally ensure that the bank or financial institution operates in a safe, sound and profitable manner; and
	(ii) be liable for non-compliance with such undertaking.
	(b) be responsible for complying with secrecy provisions of the Act;
	(c) not involve himself in fraud or deliberate mismanagement;
	(d) not seek or accept a credit accommodation for himself or his related parties except in accordance with these Regulations;
	(e) refrain from attending a meeting which deliberates or approves a transaction in which he is a beneficiary;
	(f) exercise duty of care and loyalty to the bank or financial institution's interests;
	(g) be liable for non-diligent and negligent performance of his duties as a director; and
	(h) shall be responsible for exercising rational and independent judgment.
	(2) A director who violates any provision of Acts or Regulations or Guidelines or Directives issued thereunder may be fined, removed from office, or disqualified from holding any position or office in any bank or financial institution.

Board meetings	**35.** -(1) The Board shall meet at least once every three months to discuss and deliberate on the affairs of the bank or financial institution.
	(2) A member of the Board shall attend at least seventy-five percent of the Board meetings of the bank or financial institution in each year.
	(3) A Board meeting may be held through:
	(a) physical appearance;
	(b) video conferencing; or
	(c) such other means as the Bank may prescribe or approve upon application by a bank or financial institution.
	(4) For the purpose of sub-regulation (3) (b), a bank or financial institution may hold its Board meetings through video conferencing provided that meetings held through video conferencing in a year shall not exceed seventy-five percent.
	(5) A director who has, whether directly or indirectly, personal interest in a transaction that is tabled for discussion before the Board, or in a decision that the Board is about to make, shall declare his personal interest at the opening of the meeting at which the transaction is to be discussed.
	(6) Upon declaration of his personal interest under sub-regulation (5), the director shall absent himself from the meeting and not be counted for purposes of determining a quorum required for that discussion.
PART V **INSIDER TRANSACTIONS**	
Policies on insider transactions	**36.** The Board shall establish, implement and regularly review policies that guide transactions with insiders and their related parties and ensure that-
	(a) a transaction with an insider shall be on terms not more favourable than would be available to other customers; and
	(b) corporate or business resources of the bank or financial institution are not misappropriated or misapplied.
Conditions for credit accommodation to insiders	**37.** -(1) A bank or financial institution shall not directly or indirectly grant any credit accommodation to an insider unless the credit accommodation is approved by all members of the Board except for a member of the Board referred to under regulation 34 (1) (e).

	(2) Where a bank or financial institution grants a credit accommodation to an insider in accordance with sub-regulation (l), it shall, within seven days from the date it grants the credit accommodation, notify the Bank.
Limit on credit accommodation to a single insider	**38.** -(1) The total amount of credit accommodation which a bank or financial institution may grant, directly or indirectly, to an insider shall not exceed ten percent of the Tier 1 capital of the bank or financial institution.
	(2) The limit prescribed under sub-regulation (1) shall apply regardless of the type and value of security held.
Aggregate limit on credit accommodation to insiders	**39.** -(1) A bank or financial institution shall not, directly or indirectly, grant to its insider's credit accommodation whose aggregate amount exceeds twenty-five percent of its Tier 1 capital.
	(2) The limit referred to under sub-regulation (1) shall apply to a person who has ceased to be an insider unless two years have elapsed from the date when such person ceased to be an insider.
Restriction on unsecured credit accommodation	**40.** A bank or financial institution shall not grant any unsecured credit accommodation to insiders except as set out under regulation 42.
Salary advances to officers and employees	**41.** -(1) A bank or financial institution shall not grant salary advance to any of its officers or employees which exceed the annual remuneration of the borrowing officer or employee.
	(2) For the purpose of sub-regulation (1), annual remuneration of an officer or employee shall be the basic salary plus fixed allowances payable on regular basis to the officer or employee on a regular and periodic basis as part of his compensation for services rendered to the bank or financial institution.
	(3) The provisions of sub-regulation (2) shall not apply to benefit or entitlement which depends on a contingency such as medical benefits or allowances for attending seminars, meetings or other non-cash benefits.
Loans to officers and employees	**42.** -(1) An incentive loan or advance granted to an officer or employee of a bank or financial institution shall be managed in accordance with staff loan policy approved by the Board.
	(2) A commercial loan or advance to an officer or employee of a bank or financial institution shall be on the terms not more favorable than would be available to other borrowers.

Recusal of an officer or employee	**43.** An officer or employee or a related party who is an applicant in the credit accommodation referred to under regulation 41 and 42 shall-
	(a) disclose the interest before any consideration of the application; and
	(b) not participate in or influence, directly or indirectly, any decision or approval relating to that credit accommodation.
PART VI **RESPONSIBILITIES OF SENIOR MANAGEMENT**	
Experience, competencies and integrity	**44.** A member of senior management of a bank or financial institution shall-
	(a) have necessary experience, competency and integrity to manage the business and people under his supervision; and
	(b) be selected through promotion or recruitment process which takes into account the qualifications required for the position in question.
Oversight and risk management	**45.** In the performance of its function as overseer and risk manager, a member of senior management of a bank or financial institution shall-
	(a) provide adequate oversight of those they manage;
	(b) ensure that the activities of a bank or financial institution are consistent with the business strategy, risk appetite and the policies approved by the Board;
	(c) implement and maintain effective risk management systems, processes and controls in accordance with the strategic direction, risk appetite and policies approved by the Board; and
	(d) establish and maintain systems and controls to ensure compliance with applicable laws, regulations, guidelines and directives issued by the Bank and internal policies approved by the Board including-
	(i) putting in place comprehensive and independent risk management, compliance and audit functions, as well as an effective overall system of internal controls; and
	(ii) preserving the independence of the risk management, compliance and internal audit functions and shall not

	interfere with or influence the performance of their duties.
Reporting to the Board	**46.** For the purpose of ensuring effective performance of functions of the Board under these Regulations, senior management shall report to the Board on:-
	(a) changes in business strategy, risk strategy or risk appetite;
	(b) bank performance and condition;
	(c) breaches of risk limits or compliance rules;
	(d) internal control failures;
	(e) legal or regulatory concerns; and
	(f) any other matter that requires the attention of the Board.
PART VII **GOVERNANCE OF GROUP STRUCTURES**	
Awareness of risks	**47.** The Board of a bank or financial institution that owns a subsidiary bank or financial institution shall set a mechanism that will enable it to be aware of the risks and issues that might affect the bank or financial institution and its subsidiaries.
Exercise of oversight of subsidiaries	**48.** The Board of the parent company shall, without prejudice to the independent legal and governance responsibilities of the Board of the subsidiaries, exercise adequate oversight over its subsidiaries.
Responsibilities of the Board of a parent company	**49.** The Board of the parent company shall be responsible for-
	(a) establishing a structure and a governance framework with clearly defined roles and responsibilities, including those at the parent company level and at the subsidiary level;
	(b) defining an appropriate subsidiary Board and management structure which takes into account different risks to which the group, its businesses and its subsidiaries are exposed;
	(c) assessing whether the group's corporate governance framework covers adequate policies, processes and controls and addresses risks across the business and legal entity structures;
	(d) assessing whether the group's corporate governance framework covers appropriate processes and controls

	to identify and address potential intragroup conflicts of interest, such as those arising from intragroup transactions;
	(e) approving policies and strategies for establishing new structures and legal entities in line with policies and interests of the group;
	(f) assessing whether there are effective systems in place to facilitate exchange of information among the entities within the group; and
	(g) assessing whether the group has sufficient resources to monitor compliance of subsidiaries with applicable legal, regulatory and governance requirements.
Complex or opaque structures	**50.** The Board and senior management shall take the following actions to avoid or mitigate challenges posed by complex or opaque structures:
	(a) avoiding setting up unnecessarily complicated structures or excessive number of entities;
	(b) maintaining and reviewing policies, procedures and processes governing the approval and maintenance of those structures or activities;
	(c) maintaining a centralized process for approving the creation of new entities based on established criteria;
	(d) establishing adequate procedures and processes to identify and manage all risks arising from complex or opaque structures; and
	(e) ensuring that the activities and structures are subject to regular internal and external audit reviews.
PART VIII **COMPENSATION**	
Approval of Compensation	**51.** -(1) The Board shall approve the compensation of senior management and shall oversee development and operation of compensation policies, systems and related control processes by the management.
	(2) The compensation structure shall-
	(a) be consistent with the long term performance and in line with the business and risk strategy, objectives, values and

	long term interests of the bank or financial institution and incorporate measures to prevent conflicts of interests; and
	(b) facilitate adherence to risk appetite, promote appropriate risk-taking behaviour and encourage employees to act in the interest of the bank or financial institution.
Evaluation of compensation	**52.** The Board shall establish qualitative and quantitative performance and risk indicators for evaluating compensation practices linked to potential future revenues whose timing or likelihood is uncertain.
PART IX **GENERAL PROVISIONS**	
Shareholding and management	**53.** For the purpose of ensuring proper management of banks and financial institutions, an individual shareholder -
	(a) with five per centum or more shareholding in a bank or financial institution shall not form part of management of the bank or financial institution;
	(b) with ten per centum or more shareholding in a bank or financial institution shall not be appointed as chairperson or deputy chairperson of the Board; and
	(c) who had a significant interest in a failed bank or financial institution shall not have a significant interest in a bank or financial institution.
Sanctions	**54.** -(1) Without prejudice to penalties and actions prescribed in the Act, the Bank may impose on any bank or financial institution any of the following sanctions for noncompliance-
	(a) a penalty of the amount to be determined by the Bank;
	(b) prohibition from declaring or paying dividends;
	(c) suspension of the privilege to issue letters of credit or guarantee;
	(d) suspension of access to credit facilities of the Bank;
	(e) suspension of lending and investment operations;
	(f) suspension of capital expenditure;
	(g) suspension of the privilege to accept new deposits;

	(h) revocation of banking licence;
	(i) suspension from office of the defaulting director, officer or employee; and
	(j) disqualification from holding any position or office in a bank or financial institution under supervision of the Bank.
	(2) The penalty referred to in paragraph (a) of sub-regulation (1) may apply to directors, officers or employees of the bank or financial institution.
	(3) The suspension and disqualification referred to under sub-regulation (1) shall remain in force until the bank or financial institution, director, officer or employee rectifies the non- compliance which led to the suspension.
Revocation of GN. No. 767 of 2021 and GN. No. 454 of 2023	**55.** The Banking and Financial Institutions (Corporate Governance) Regulations 2021 and The Banking and Financial Institutions (Corporate Governance) (Amendment) Regulations, 2023 are hereby revoked.

Dodoma, **EMMANUEL M. TUTUBA**

……………………….2026 *Governor*