

MONGOLIA

RESOLUTION OF THE FINANCIAL REGULATORY COMMISSION

14 March, 2012

No 60

Ulaanbaatar

About approval of “General Regulation for Savings and Credit Cooperatives”

The Resolution is based on the article 6.1.2 of the law on legal status of the Financial Regulatory Commission.

1. The “General Regulation for Savings and Credit cooperatives” as an annex one, the “licensing for savings and credit activities and its license form” as an annex two, the certificate format for savings and credit cooperative” as annex three are approved as annexes of this resolution.

2. In relation to this new regulation, the requirements for licensing for savings and credit activities approved by 52th resolution in 2006 are invalidated.

3. The Microfinance department / N. Oyunchimeg/ shall take responsibility for supervision of the regulation compliance and administration department /D. Nayamtseren/ shall take responsibility of public awareness.

CHAIRMAN

D. BAYARSAIKHAN

REGULATION FOR SAVINGS AND CREDIT COOPERATIVES

One. General provisions

1.1. The objective of the regulation is to regulate the activities related to issues of licensing, extending, suspending, re-licensing, invalidating savings and credit cooperatives, and authorizing opening of branches, changing names, re-structuring and closing of savings and credit cooperatives and any other issues relevant to other regulations of the Financial Regulatory Commission /hereafter referred to as FRC/ .

1.2. FRC follows the principle to require the compliance of the law and regulations regardless of location and size of share capital of members of savings and credit cooperatives' (hereafter referred to as SCC)

Two. Requirements for operation

2.1. To engage in savings and credit activities, an applicant SCC shall submit the documents included in the article 14th of the SCC law to FRC and in addition the following documents to be submitted:

2.1.1. Application about engaging in savings and credit activities in accordance to the annex one of this regulation;

2.1.2. Operational report of establishment;

2.1.3. The original copy of the minute of the establishment meeting and decisions;

2.1.4. The following information of the members shall be submitted in compliance with the article 19.1-19.3 of the SCC law:

2.1.4.1. Family name, father/mother/ name and given name;

2.1.4.2. Registration number and number of national id;

2.1.4.3. Residential address and phone number;

2.1.4.4. Size of the share capital;

2.1.5. Procedure for Board of Directors, supervision committee and loan committee in compliance with SCC law;

2.1.6. Proposed activities about the operational risk prevention;

2.1.7. Other operational procedures;

2.1.8. The reference documents, which is about the professional qualifications of the members of Board of directors, supervision committee and loan committee in compliance with second annex of this regulation, and the following documents shall be submitted:

2.1.8.1. Reference letters from the relevant authority about the default loans and criminal records;

2.1.8.2. Reference letter from SCC about proving that there are no restrictions of taking particular position;

2.1.8.3. Reference about not holding supervisory or management position in the bankrupted legal entity that engaged with financial operation for last 3 years;

2.1.8.4. national ID, notarized copies of diplomas in banking, finance and law major or reference from the relevant organization about the local development and cooperative knowledge and experience;

2.1.9. The back ground information about the executive director and the accountant in accordance to the annex 3 and documents stated in the article of 2.1.8.1, 2.1.8.2, 2.1.8.3 of this regulation.

2.1.10. Reference about the equipment and work place in accordance to the annex 4 of this regulation;

2.1.11. Business plan in accordance to the suggestion in the annex 5 of this regulation;

2.1.12. If required, other information required in the law against money laundering and terrorism financing;

2.2. If the legal entity is a member of the SCC, the following additional documents shall be submitted except the documents stated in the article 2.1 of this regulation:

2.2.1. Notarized copy of the state registration certificate of legal entity;

2.2.2. First and last name of the shareholders, registration number and size of the shares;

2.2.3. Reference about not having default loan and none violation of laws and regulations about money laundering and terrorism financing;

2.2.4. Financial report of the period when joined for SCC as a member;

2.2.5. Operational report of the last year

Three. Review of the licensing application

3.1. The FRC should review the applications for the licensing to engage in savings and credit activities in compliance with SCC law and consider the following issues:

3.1.1. Verify that the documents are complete as stated in 2.1 and 2.2 of this regulation and they are in compliance with the requirements;

3.1.2. Verify that the founding members made founding contract, support document (pay slips) of the mobilization more than 30% of the share capital in cash;

3.1.3. Verify members of Board of Directors, Supervision Committee and Loan committee, the executive director and the accountant are meeting the requirements stated in the article 2.1.8 of this regulation;

3.1.4. Verify the business plan is developed in accordance to the annex 5 of this regulation;

3.1.5. Verify all operational policy and procedures are in compliance with the relevant laws and regulations;

3.1.6. Verify equipments and work place meets the safety and security requirements to conduct operations;

3.2. If required, the FRC shall ask references from the relevant organizations.

3.3. The FRC shall inform the Board of Directors in writing, about any incomplete documents, or additional clarifications, and or any other reasons for not meeting the requirements.

Four. License and reject the application for licensing

4.1. The FRC meeting should make a decision on licensing when the documents are complete in compliance of 15.3 article of SCC law and requirements of this regulation.

4.2. Based on the decision about the licensing, the certificate on licensing shall be issued to the SCC after depositing Licensing service fee to the relevant account of FRC in accordance to the relevant law.

4.3. Based on the decision about the licensing by FRC, the SCC board shall be responsible to be registered at the state registration of legal entity. The SCC may start its operation after the registration and shall submit the notarized copies of state registration certificate and bylaw of SCC to FRC within 14 days of the state registration.

4.4. If within 3 months from the initial application, the SCC failed to complete the documents in compliance with this regulation due to the SCC's fault, the licensing shall be rejected. The FRC shall inform about it with justifications in written to the SCC.

4.5. If the application has been rejected due to counterfeit documents, the FRC will not receive applications again for one year period from the rejected date.

Five. Permission, rejections and invalidations of the other financial services

5.1. The FRC shall determine types of other financial services which are not prohibited in the legislations in accordance prescribed provisions 13.5 of the law on SCC.

5.2. The FRC shall issue additional permission for SCCs in regards to other financial services but only upon fulfilling the following requirements:

5.2.1. All required reports and information were submitted to FRC on time and complete during the last one year;

5.2.2. No violations of regulations during the on-site examination, if violated the correction actions have been taken through the provided instructions;

5.2.3. The operation has been continued in a sustainable manner and has been met the prudential ratio set by the FRC during the last 2 years continuously;

5.2.4. The regulations fees were paid on time to FRC;

5.2.5. Complied with the requirements set in the regulations and policy of the FRC related with that particular service;

5.3. The applicant SCC shall submit the following documents to engage in other financial services:

5.3.1. application;

5.3.2. Introduction of other financial services and relevant documents;

5.3.3. original copy of the minutes and decisions of Annual General Meeting;

5.3.4. Relevant change of the bylaw and procedure for other financial services;

5.3.5. Business plan with additional changes and financial efficiency calculation;

5.4. The FRC meeting shall make a decision based on the revision of relevant laws, regulations and guidelines as stated in the provision 5.3 of this procedure. FRC decision shall be considered if the particular financial service would not make a negative impact on the financial capacity of SCC, no damage for the members, and met the required conditions of human resource, equipment and softwares.

5.5. The relevant remark shall be made in the annex of the licensing certificate based on the authorized decision of the FRC in engaging other financial services and pay slip of the payment for regulatory services.

5.6. Based on the decision by FRC, the SCC board shall be responsible to be registered the permission at the state registration of legal entity. The SCC may start its additional service after the registration and shall submit the notarized copies of state registration certificate and amended bylaw of SCC to FRC within 14 days of the state registration.

5.7. If after 45 days of the initial application for other financial services, the SCC failed to complete the documents in compliance with this regulation due to their own fault, the permission of the other financial services shall be rejected. The FRC shall inform about it with justifications in written to the SCC.

5.8. The permission about the additional financial services shall be invalidated due to the following reasons and relevant remark shall be made in the annex of the licensing certificate.

5.8.1. if requested by the SCC ;

5.8.2. Not completed the instructions given by FRC in relevance to the services;

5.8.3. The additional services are considered to impact negatively for the financial sustainability of the SCC;

5.8.4. Unsatisfactory evaluation by the on-site examination of FRC;

5.8.5. Non compliance of prudential ratio due to the additional services

5.8.6. Other reasons stated in the laws and regulations

Six. Permission of establishing branches, rejection and invalidation

6.1. The SCC branch shall operate under permission issued by FRC. The branch shall use name of the SCC.

6.2. The SCC shall be made AGM resolution to establish branch.

6.3. The following factors should be considered to select branch location:

6.3.1. SCC may launch its branches in other aimag, city and soums if the membership meets the requirements stated in the provisions 19.3.1 and 19.3.2 of the law on SCC;

6.3.2. SCC may launch its branches in soums of the particular aimag only where SCC locates or in districts of the particular city only where SCC locates if membership meets the requirements stated in provisions 19.3.3 of the law on SCC.

6.4. FRC shall provide permission to launch branches for SCC which meets criteria stated in the provisions 5.1, 6.2 and 6.3 of this regulation.

6.5. SCC shall submit the following documents to FRC to get permission to open a branch:

6.5.1. official request;

6.5.2. AGM resolution shall be determined target area of the branch operation and confirmed that the SCC would take potential risks of the branch;

6.5.3. relevant amendments of the bylaw and operational procedures of the branch;

6.5.4. updated business planning and financial projection;

6.5.5. background information of the branch director and accountant that submitted in accordance to the annex 3 of this procedure, and documents stated in the provision 2.1.9 of this procedure.

6.6. FRC shall issue certificate for branch and put remark on the licensing certificate that based on the resolution of the Commisionary meeting to launch branch and payslips of the regulatory fees.

6.7. Based on the decision about issue permission of branch by FRC, the SCC board shall be responsible registration of the state registration of legal entity. The SCC may start its branch operation after the registration and shall submit original or notarized copy of state registration certificate and amended bylaw of SCC to FRC within 14 days of the state registration.

6.8. If within 45 days from the initial application to launch branch, the SCC failed to complete the documents in compliance with this regulation due to the SCC's fault, the permission shall be rejected. The FRC shall inform about it with justifications in written to the SCC.

6.9. FRC shall invalidate branch permission in the following cases:

6.9.1. AGM minutes and resolution about ceasing branch operation;

6.9.2. if the SCC did not comply FRC instructions;

6.9.3. if considered that branch operation caused negatively or might cause negatively for the SCC financial sustainability;

6.9.4. if the branch was evaluated as "unsatisfactory" by the on-site supervision of FRC;

6.9.5. if SCC failed to comply of SCC operational prudential standards due to the branch's wrong operation;

6.9.6. other basis determined on the legal documents.

Seven. Changing SCC name

7.1. SCC shall submit the following documents to FRC for changing its name:

7.1.1. official request;

7.1.2. original copy of AGM minutes and resolution;

7.1.3. detailed information about debts, payables and receivables;

7.1.4. original copy of licencing certificate and its appendix;

7.1.5. referrer document of new name from the state entity registration;

7.1.6. other documents if nessesary.

7.2. The chairman of FRC shall make resolution if submitted documents met criterias and name change would not effect negatively to members and clients or not to make confusion for them.

7.3. FRC shall issue renewed certificate for the SCC based on the resolution of the FRC chairman and payslip documents of regulatory fees that determined by the related regulations of FRC.

7.4. Based on the decision about the issuing permission to change the SCC name by FRC, the SCC board shall be responsible registration of the name change at the state registration of legal entity. The SCC shall send original copy or notarized copy of its state registration certificate and amended bylaw within 14 business days after registration in the state registration of legal entity.

Eight. Restructuring

8.1. Based on the greater majority (more than 2/3) votes of the AGM, SCC may be merged by the FRC permission.

8.2. The SCC, which decided to restructure, shall submit the following documents to FRC besides the prescribed documents on the provision 47.3 of the law on SCC:

8.2.1. information of the members and its details of deposit and loan portfolio;

8.2.2. financial statement in the period of restructuring;

8.2.3. detailed records of debts, payables and receivables, and the SCC decisions about proposed solutions of payables and receivables. SCC shall submit confirmation documents about receivables and payables and relevant contracts.

8.2.4. decision about management structure and expenditures of the restructuring process;

8.2.5. decision about proposed solution of human resources;

8.2.6. other documents required by FRC.

8.3. FRC shall review and make decision within period of time that prescribed in the provision 47.4 of the law on SCC.

8.4. Upon the decision of the SCC to restructure, the SCC shall inform to its members and FRC within 14 days in written format.

8.5. If two or more SCCs merge by closing their individual operations and transferred its duties and responsibilities to newly established SCC, following actions shall be conducted:

8.5.1. merging SCCs board shall have responsible to introduce contract including conditions restructure and term, resolution draft and bylaw draft of new SCC to AGM. Resolution shall be made by the AGM.

8.5.2. the new SCC shall submit documents as prescribed in the provision 2.1 of this procedure to FRC;

8.5.3. merging contract shall include share capital of members and AGM meeting date of new SCCs;

8.6. Merging process shall include the following actions, if SCC closed its operation and transfer duties and responsibilities to another SCC:

8.6.1. both SCCs board shall have responsibility to introduce draft resolution, restructuring proposal and contract draft with other SCC to its own AGM. Resolution and restructuring proposal shall be approved by the AGM.

8.6.2. after approval of the AGM about restructuring, the SCC board shall be responsible to send licensing certificate of SCC, which is cease its operation and merging to the SCC, to FRC.

8.6.3. ceasing SCC shall be deducted from state entity registration and bylaw amendment of the merged SCC shall be registered to the state registration.

8.6.4. Renewed licensing certificate shall be issued to merged SCC that based on FRC resolution on agree restructuring process and supporting documents which prove payments of regulatory fees that determined by the related regulations of FRC.

Nine.Suspend, restore, extend and invalidate licensing

9.1. Licensing of savings and credit operations shall be suspended upto 3 months in the following cases:

9.1.1. if SCC conducts operation prescribed in the Article 18 of the law on SCC;

9.1.2. if SCC did not implement FRC instructions within given period of time;

9.1.3. if SCC did not complied operational prudential standards;

9.1.4. if SCC was evaluated “none complied” ranking by the on-site supervision of FRC;

9.1.5. if SCC did not submit quarterly basis financial statements and prudential ratio performance statements for consecutive 2 quarters;

9.1.6. if SCC did not paid regulatory fee, which was determined by the related regulations, more than 3 months from its due without respectable reasons;

9.1.7. if membership did not complied conditions that prescribed in the provisions 19.3 of the law on SCC;

9.1.8. other basis determined on the legal documents.

9.2. SCC shall submit its request to restore its license within suspension period of time if the SCC considers that they corrected faults, and followed instructions of FRC. In this case, the SCC shall submit its request with implementation report of FRC instructions.

9.3. Based on the SCC request, FRC shall make resolution to restore the SCC licensing if FRC considers that SCC fulfilled FRC instructions completely.

9.4. SCC shall submit its request to extend licensing in prior 45 days to expire date of licensing.
The SCC shall submit following documents with its request:

9.4.1. official request;

9.4.2. original copy of resolution of board meeting and its minute;

9.4.3. SCC business planning that developed through guidances ANNEX five of this regulation;

9.4.4. detailed records of savings, loan portfolio, share capital and members;

9.4.5. other documents if nessesary;

9.5. FRC shall make related remarks on the licensing certificate of the SCC based on the resolution of FRC and supporting documents which prove payments of regulatory fees that determined by the related regulations of FRC.

9.6. SCC licensing shall not be extended if SCC violated the provisions 9.1.1-9.1.8 of this regulation.

9.7. The SCC licensing on savings and lending shall be terminated in the following cases by the FRC:

9.7.1. if SCC requested by themself;

9.7.2. if exists circumstances that prescribed in the articles 15.9 of the law on SCC;

9.7.3. if SCC conducted operations that prescribed in the articles 19 of the law on SCC;

9.7.4. if SCC violated licensing conditions and requirements several times or seriously;

9.7.5. if SCC was evaluated as “unsatisfactory” by the on-site supervision of FRC and SCC became incapable to continue its operation normally;

9.7.6. if membership did not comply prescribed conditions of the provition 19.3 of the law on SCC;

9.7.7. if SCC disobeyd FRC instructions within suspension period or SCC did not submit its request to restore its licensing to FRC;

9.7.8. if SCC violated other instructions and tasks of FRC for several times;

9.7.9. other basis that prescribed in the legal documents.

9.8. SCC shall have responsible to submit its licensing certificate to FRC after termination of licensing.

9.9. FRC shall inform to public about termination of SCC licensing. FRC shall put “invalid” stamp on the licensing certificate and transfer it to archive with SCC related documents and files.

Ten. Winding up

10.1. The SCC shall be winded up if restructured or changed legal status or license terminated by the FRC. Related procedures shall be conducted as the prescribed articles 48 of the law on SCC.

Eleven. Supervision and liability

11.1. FRC shall supervise implementation of the law on SCC and its relevant procedures, regulations, and resolutions that based on the law on SCC. FRC shall take sanctions for relevant bodies, which violated the law and regulations, as the prescribed articles 10 of the law on SCC.

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Annexs;

- Format of licensing certificate
- Annex of licensing certificate
- Bransh permission certificate
- 1. Application format
- 2. Background information of board, supervision committee, loan committee and founding members
- 3. Information of executive director and employees
- 4. Information of equipment and software
- 5. Application of SCC restructuring
- 6. Guidance to develop SCC business planning



**FINANCIAL REGULATORY COMMISSION
OF MONGOLIA**

CERTIFICATE OF THE LICENSING

Number . . .

. . . year . . . month . . . day

This is certify the permission of saving and credit operation to

_____ because of compliance relevant legal documents includes Law on authority of Financial regulatory commission, Law on licensing commercial operations, Law on Savings and credit cooperatives and other laws and regulations.

The resolution of the Financial regulatory commission number is _____ and date is _____/YY/_____/MM/_____/DD/

CHAIRMAN

‘Stamp’

*This certificate shall be valid
along with its annex*



**FINANCIAL REGULATORY COMMISSION
OF MONGOLIA**

**ANNEX OF THE CERTIFICATE OF
THE LICENSING No:**

"Stamp"

Remarks dedicated for the Savings and Credit cooperative

*This annex shall be valid
along with the certificate*

FOUR. Remarks of the permission for other financial services:

No	Name of the permission	Date of the permission	Resolution number of the permission	Termination date of the permission and resolution number

FIVE. Remarks of the branch of the Savings and credit cooperative:

No	Name of the branch and numeral	Branch address and address changes	Permission date of the branch	Resolution number to issue the branch permission	Invalidation date of the branch permission and its resolution number

SIX. Remarks of the licensing extension:

No	Remarks of the extension	Permission date of the extension	Resolution number of the extension permission	Remark date and stamp



**FINANCIAL REGULATORY COMMISSION
OF MONGOLIA**

CERTIFICATE OF THE BRANCH

Number . . .

. . . year . . . month . . . day

This is certify the permission to commence the branch for _____ savings and credit cooperative because of compliance relevant legal documents includes Law on authority of Financial regulatory commission, Law on licensing commercial operations, Law on Savings and credit cooperatives and other laws and regulations.

The resolution of the Chairman for Financial regulatory commission number is _____ and dated ____/YY/____/MM/____/DD/.

The Savings and credit cooperatives:

Location:

Registration number:

Number of the State Registration certificate:

The branch name and location:

CHAIRMAN

‘Stamp’

Herewith, certifying that resource the share capital of the members are their legally possessed cash, which can be proved by the relevant document.

PS: Supporting documents, payslips and member's references should be attached.

The following members shall work as a member of board, supervision committee and loan committee and executive director. In addition, all those bodies complied criteria and requirements which prescribed on the article 34, 36, 38 and 39 of the law on Savings and credit cooperatives.

No	Surname and name	Current employment	Registration number	ID number	Position for the SCC

List of the attached documents for the application:

1. General meeting resolution to establish the cooperative (.....pages)
2. The cooperative bylaw (must be approved by the general meeting and registered in the state registration) (.....pages)
3. Inception balance sheet and financial statement (.....pages)
4. Operational procedures of savings and lending (.....pages)
5. Other

PS: All attachments must be listed with number of its pages.

Herewith, certifying that documents and materials, which submitted for licensing, being comprised true and correct in accordance to the General regulation of Savings and credit cooperatives that approved by FRC resolution #..... on/YY/...../MM//DD/. The resolution was based on the Law on Savings and credit cooperatives and Law on Licensing entities.

We will be responsible if there were any documents incorrect, inaccurate or counterfeit.

Would you please receive and review submitted application and relevant materials, and issue savings and credit licensing for us.

The SCC shall comply the law on Savings and credit cooperatives, law on Licensing entities, relevant legal documents and FRC instructions since its establishment.

APPLICANT:

By representing the SCC
(stamp)

Chairman of the SCC

/_____//_____/
(name and surname) (signature)

Member of board

/_____//_____/
(*name and surname*) (signature)

Member of board

/_____//_____/
(*name and surname*) (signature)

REFERENCE OF ESTABLISHING MEMBERDS AND CHAIRMAN AND MEMBERS OF
BOARD, SUPERVISION AND LOAN COMMITTEE
(format)

A. Please tick relationship with the savings and credit cooperative.

- | | | | |
|---------------------------------|--------------------------|----------|--------------------------|
| 1. Establishing member | <input type="checkbox"/> | | |
| 2. Member | <input type="checkbox"/> | | |
| 3. Board member | <input type="checkbox"/> | chairman | <input type="checkbox"/> |
| 4. Supervision committee member | <input type="checkbox"/> | chairman | <input type="checkbox"/> |
| 5. Loan committee member | <input type="checkbox"/> | chairman | <input type="checkbox"/> |

B. Amount of the share capital: _____

In cash

By other asset

_____ (_____) tugriks
(amountby numbers) (amountby words)

Note:

B. Members shall fill following information correctly:

Surname and name:

Birth date:

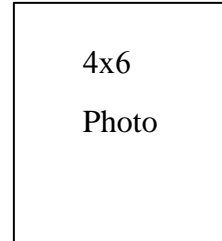
Home address:

ID number:

Registration number:

Contact phone number:

Education/background(Including secondary school)



No	Graduated schools, colleges and universities	Obtained profession	Entry year	Graduated year	Number of diploma

Working experiance:

No	Employer	Position	Started year	Resigned year	Reason

C. If has common interest with those bodies: member of board, supervision and loan committee, executive director and staff:

No	Relationship	Surname and name	Registration number	ID number	Current employment

D. Family members and emergency contact person:

No	Relationship	Surname and name	Registration number	Home address	Phone numbers

I, _____ (surname) _____ (name) _____, became member of the SCC and guarantee my share capital, which _____ tugriks (amount by numbers)(_____(amount by letters)) obtained from legally accepted operations. I am confirming that my submitted relevant documents are complete, true and correct complied legal acts. I shall be responsible for any risks in accordance of the legal acts if there were any.

BY REPRESENTING THE SCC
(*STAMP*)

Chairman of the SCC:

/ _____ // _____ /
(*surname and name*) (signature)

Member:

/ _____ // _____ /
(*surname and name*) (signature)

Date:

**REFERNCE OF EXECUTIVE DIRECTOR AND EXECUTIVE
STAFF**
(format)

1. Executive director and executive staff shall fill following information correctly:

↑ Surname and name:

↑ Assigned position

4x6

↑ Birth date:

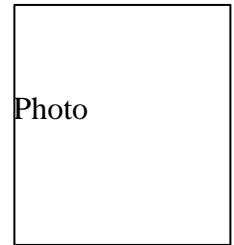
↑ Home address:

↑ Phone number

↑ ID number:

↑ Registration number:

↑ Current employment



Education/background(Including secondary school)

No	Graduated schools, colleges and universities	Obtained profession	Entry year	Graduated year	Number of diploma

Working experiance:

No	Employer	Position	Started year	Resigned year	Reason

2. If has common interest with those bodies: member of board, supervision and loan committee, executive director and staff:

No	Relationship	Surname and name	Registration number	ID number	Current employment

3. Family members and emergency contact person:

No	Relationship	Surname and name	Registration number	Home address	Phone numbers

BY REPRESENTING THE SCC
(*STAMP*)

Chairman of the SCC:

/ _____ // _____ /
(*surname and name*) (signature)

Staff:

/ _____ // _____ /
(*surname and name*) (signature)

Date:

INFORMATION ABOUT SOFTWARE, COMPUTERS, EQUIPMENT AND OFFICE

Herewith, submitting description of computers and equipment that will use for the SCC operations.

No	Type of computers and equipment	Technical data	Purchased, rented or invested by members	Numbers

Besides of the above mentioned equipment, the SCC will utilize _____ accounting software that _____ *(please write if it was purchased, going to purchase, made contract or provided by members)* in order to use daily basis recording and information development.

Office of the SCC was:

Purchased: 1

Rented: 1 and it is appropriate to carry out saving and lending services, and provided its safety fully.

Here attached copies of:

- purchased office certificate of immovable asset
- office rental contract

and resolutions and supporting documents of the guard and safety.

BY REPRESENTING THE SCC
(STAMP)

Chairman of the SCC:

/ _____ // _____ /
(surname and name) *(signature)*

Date:

APPLICATION FOR FINANCIAL REGULATORY COMMISSION

Requesting the permission to restructure

Date: _____

Applicant: _____ /Name of the SCC/

Resolution number and date of the first license of FRC _____

Duranton of licensed operations _____

Share capitals of the each SCCs: _____

Restructuring manner: _____

Name of the restructuring SCCs:

1. _____

2. _____

3. _____

Date of the AGM resolution of restructuring;

1. _____

2. _____

3. _____

Name of the newly established SCC due to the restructuring process: _____

Reasons and justifications to restructure; _____

PS: Please refer to the attached financial statements of each SCCs.

Represented by SCC-I

(stamp)

Represented by SCC-II

(stamp)

Chairman of SCC:

/ _____ // _____ /

(signature)

Chairman of SCC:

(signature)

Date:

GUIDANCE TO DEVELOP BUSINESS PLANNING OF SAVINGS AND CREDIT COOPERATIVES

1. Business plan is a policy paper that included Mission, Goals, Organizational structure to provide savings and lending activities, as well as planned actions with its terms for improving service quality, skills and efficiency of Board, Supervision committee, Loan committee, Executive director and Executive staff. In addition, the plan should prescribe activities that dedicated to improve operational efficiency, financial and liquidity sufficiency.

2. The business plan should be considered its own specifications and the following issues should be included.

- 2.1.SCC goals, operational polivy and projections;
- 2.2.Membership consists;
- 2.3.Management and executive staff structure;
- 2.4.Introduction of operations and services;
- 2.5.Balance sheet, projections of cash flow, and income and expenditure assumptions for 3 years;
- 2.6.Structure and amount of assets and liability, plan for its management improvement, general conditions of interest and fees, and its relevant policies;
- 2.7.Risk management planning based on the determination potential risks;

3. Business planning should be developed and covered time frames of three to five years since its establishment and commencement of the operations.

3.1. The following informations should be prescribed in the front page:

- The SCC name and addresses
- Name of the business plan
- Developed date
- Resolution date and number of the approval
- Name of the developed person
- Remarks/notes of the developed person
- Name and address of the SCC manager

3.2.Executive summary

This part of the business plan should include the following informations: mission, objectives, justifications to succeed, feasibility of potential risks and financial key indicators.

The mission is a description about members' which demand will be filled what types of service approaches.

The goal is deliverable planning or target points which included implementation steps and its measurements.

3.3.Business introduction

The introduction should include SCC name, address, development history, authority structure, market context, operations and services, human resources, financial sufficiency. In addition, justification of developing the business plan, goals and objectives of the plan and required resources, repayment scheduling if there needed borrowings, profitability and income assumptions should be included briefly.

The business introduction will consist from the following parts:

- justification of developing the business plan and goals
- business descriptions and its history
- current operations
- financial context
- market conditions and further objectives
- organizational and management structure, and human resources

3.4. Management plan

This part of the business plan should cover following areas: management, structures and demand of the human resource.

Management team: Board members' qualification degree in finance, management, their capability to act each other, and compliance extent for meeting professional and experiential requirements. In addition, there should express how the authorities and roles assigned properly. As an attachment, resumes of the board members, supervision committee members, executive staff and managers that verified their experience in the sector. However, roles and responsibilities, as well as decision making process should be prescribed in the bylaw, and it should be attached into the business plan too.

Organizational structure: The board should define organizational structure in most efficient and least bureaucratic way. In order to define efficient structure, following issues should be considered: efficient team management, separation roles and responsibilities clearly, disclosure of the information and appropriate information flow to the management, performance evaluation of the staff, and disclosure of the supervision. By considering those issues, SCC should determine organizational structure, HR structure and its salary and compensation system, and include them to the business plan.

Employees/human resource: This part should include required staff and its qualifications, number of the employees and their development plan.

In addition, overall human resource structure demand and number of employees based on the demand, monthly and annual salary, and its compensation structure should be considered and covered in this part.

Employee trainings may be considered too costly and less efficient from the financial side, but should consider its importance to the organizational development.

3.5. Financial planning

Financial plan will consist from the following parts:

- Projection of all incomes;
- Projection of operational expenses;
- Projection of operations without loss;
- Cashflow projection etc.

3.6. Risk analyse:

Risk types: The following five areas should be considered to manage potential operational risks of SCCs.

- Financial, savings and lendings;
- Changes of the legal environment;
- Human factors, governance and management related;
- Equipment, technics and accounting software;
- Forcemajor and natural diseaster.

3.7. Possibility to mitigate potential risks

The SCC should analyse to define which risks have high probability to happen. Then, should define and prescribe activity plan to address or mitigate potential risks. However, should focus to the potential risks that couldn't be covered by insurances.

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