

**CENTRAL BANK OF SOLOMON ISLANDS**  
**Financial Market Supervision Department**

**Prudential Guideline No. 7**  
**Prudential Returns**

**Applicability**

1. This Prudential Guideline is applicable to all financial institutions<sup>1</sup> licensed by the Central Bank of Solomon Islands (CBSI).

**Purpose of Prudential Guideline**

2. This Prudential Guideline specifies the statistical and related information that a financial institution must submit to the CBSI, the required form and frequency for such information, persons responsible for certifying the accuracy and timely submitting of the data, duties and responsibilities of the board of directors, and the confidentiality of such information.
3. It shall be the responsibility of the board of directors to ensure that (i) a financial institution has internal accounting and recordkeeping systems sufficient at all times to create and maintain properly detailed records and accounts, (ii) information required by the CBSI is accurate and complete, and (iii) reports required by the CBSI are prepared and submitted in a timely manner. As appropriate, the board may designate a committee or person to ensure compliance with the above; however, such delegation does not relieve the board of its duty to oversee the affairs of the financial institution and ensure compliance with the Financial Institutions Act of 1998 (the FIA) and this Prudential Guideline.
4. It shall be the responsibility of the chief executive officer and the chief financial officer (or in the case of a branch of a foreign bank the branch/country manager and the branch accounting officer) to attest, on behalf of the board of directors, to the accuracy of information submitted in reports required by the CBSI.

**Implementation and Reporting Requirements**

5. In accordance with Section 8(2) of the FIA, every financial institution shall prepare and submit to the CBSI in such form and in accordance with written instructions as may be issued from time to time by the Financial Market Supervision Department of the CBSI:
  - (a) not later than 20 (twenty) calendar days following the end of each calendar month a statement of its assets, liabilities and capital and related information;
  - (b) not later than 30 (thirty) calendar days following the end of each calendar quarter (i.e., 31 March, 30 June, 30 September and 31 December):
    - (i) a statement of its income and expenses and reconciliations of its capital accounts and provisions for losses account; and
    - (ii) a calculation of its risk based capital.

---

<sup>1</sup> As defined in the Financial Institutions Act 1998, a financial institution “includes any body corporate doing banking business” in the Solomon Islands.

## **Enforcement and Corrective Measures**

6. A financial institution which fails to comply with the requirements contained in this Prudential Guideline or submits reports to the Central Bank of Solomon Islands which are materially inaccurate will be considered as following unsound and unsafe practices as provided in Section 16(1) (a) of the FIA.
7. The Central Bank of Solomon Islands may pursue any or all corrective measures as provided in Section 16 of the FIA to enforce the provisions of this Prudential Guideline including:
  - (a) issuance of an order to cease and desist from the unsound and unsafe practices and
  - (b) action to replace or strengthen the management of the financial institution.

## **Effective Date**

8. The effective date of this Prudential Guideline is 1 January 2010.

Issued this *4th* day of *September*, 2009

---

Governor Denton Rarawa  
Central Bank of Solomon Islands