



नेपाल राष्ट्र बैंक

बैंक तथा वित्तीय संस्था नियमन विभाग



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं।
फोन नं.: ४४१९८०४/५
Web Site: www.nrb.org.np
पोष्ट बक्स: ७३

पत्र संख्या : बै.वि.नि.वि./नीति/सूचना/१४/०७८/७९

मिति: २०७८/१२/०२

सूचना

यस बैंकबाट जारी भएको Policy Provision for Opening Branch Office by Foreign Bank or Financial Institutions in Nepal, 2010 लाई खारेज गरी यसै साथ संलग्न Foreign Bank Branch Licensing Policy, 2022 जारी गरिएको हुँदा सोही बमोजिम गर्नु/गराउनु हुन नेपाल राष्ट्र बैंक ऐन, २०५८ को दफा ७९ ले दिएको अधिकार प्रयोग गरी यो सूचना जारी गरिएको छ।



का.मु. कार्यकारी निर्देशक

Foreign Bank Branch Licensing Policy, 2022



Nepal Rastra Bank

Foreign Bank Branch Licensing Policy, 2022

This licensing policy has been brought into force pursuant to Section 110 of Nepal Rastra Bank Act, 2058 (2002) and Section 40 of the Banks and Financial Institutions Act, 2017 to establish branch office/ representative office in Nepal, by a foreign bank or financial institution.

Chapter I

Preliminary

1. Short title and commencement

- (a) This licensing policy may be cited as the “Foreign Bank Branch Licensing Policy, 2022”
- (b) This licensing policy shall come into force on the date of its approval.

2. Definition

Unless the subject or the context otherwise requires,

- (a) "Branch office" means the office established by the foreign bank or financial institution in Nepal for the purpose of operating banking transaction pursuant to clause No. 9 and other Nepalese laws upon obtaining approval from the Nepal Rastra Bank.
- (b) "Foreign bank or financial institution" means the bank or financial institution having its head office in a foreign country upon being incorporated under the foreign law.
- (c) "Home country" means the country where the foreign bank or financial institution licensed to operate banking transaction upon having established its central office therein is based in.
- (d) "Licensed Institutions" means the bank or financial institution licensed by the Nepal Rastra Bank to operate banking transaction in Nepal pursuant to the law in force.
- (e) “Representative Office” means the office established by the foreign bank or financial institution in Nepal for the purpose of liaison and research activities operating pursuant to clause No. 16 and other Nepalese laws upon obtaining approval from the Nepal Rastra Bank.
- (f) "Wholesale banking transaction" means the banking transaction as prescribed in clause No. 10 of this licensing policy.

Chapter II

Criteria and Eligibility

3. Permission to be obtained

The foreign bank or financial institution willing to operate branch office in Nepal must compulsorily obtain approval from the Nepal Rastra Bank.

4. Rating shall be required

- (a) The foreign bank or financial institution which has been rated “investment grade” may only operate branch office in Nepal.
- (b) For the purpose of sub clause (a), rating of the concerned foreign bank or financial institutions by the international level credit rating agencies shall only be recognized.

5. Submitting the proof of authenticity

The foreign bank or financial institution willing to operate branch office in Nepal must produce the following documents for its authenticity.

- (a) Legal document of registration in home country.
- (b) Documents which prove that it has been licensed by the competent authority to carry on financial transactions pursuant to the law in force of its home country.
- (c) Must have received a letter of approval or the letter of intent for operation of branch office as well as for remitting necessary capital to Nepal as designated by Nepal Rastra Bank from the legally authorized entity of its home country.

Chapter III

Capital Requirements and Procedures

6. Capital structure

The assigned capital must be twenty million US Dollar, in minimum, to operate branch office in Nepal by the foreign bank or financial institution.

7. Application to be made

- (a) The foreign bank or financial institution willing to operate branch office in Nepal must submit an application (as prescribed in schedule 1) to the Bank and Financial Institutions Regulation Department, Nepal Rastra Bank, accompanied by the documents and fee as prescribed in Schedule 2.
- (b) The foreign bank or financial institution willing to operate branch office in Nepal must produce no-objection letter and a letter indicating regulation and

supervision of branch office to be made in an integrated manner from the central bank or licensing authority of its home country.

- (c) In addition to the documents prescribed along with the application, an original voucher depositing in the US Dollar five per cent of the assigned capital structure as prescribed in No. 6 in the designated account of the Nepal Rastra Bank must be produced.

Letter of intent

- (d) The Nepal Rastra Bank shall, if it determines appropriate and reasonable upon making studies of the received documents, grant a letter of intent to operate branch office in Nepal.
- (e) While granting the letter of intent, the Nepal Rastra Bank may specify terms and conditions.

Registration

- (f) Upon obtaining the letter of intent from the Nepal Rastra Bank, the applicant must obtain approval from / get registered with Office of the Company Registrar pursuant to the Nepal law in force.

Final Approval

- (g) The foreign bank or financial institution must, within six months after obtaining the letter of intent, submit an application to the Nepal Rastra Bank for final approval of operation of banking transaction upon completing the documents as prescribed in Schedule Nos. 3, 4 and 5.

8. Remittance of assigned capital

- (a) Prior to obtaining final approval of operation of banking transaction, voucher depositing the cash amount equivalent to the rest 95 percent of the assigned capital in the designated account of the Nepal Rastra Bank or in the form of bank guarantee must be produced to the Nepal Rastra Bank.
- (b) If the bank guarantee, as per sub-clause (a), is to be produced, the bank guarantees equivalent to the said amount having validity for at least one year from the bank which has been rated BBB or Baa or at least equivalent to the same under the international rating as per clause (4) sub-clause (b) may be produced.
- (c) (c) At the time of granting final approval of operating of banking transactions, the assigned capital shall be released authorizing the branch
- (d) (d) If a foreign bank or financial institution withdraws its application for any reason, the amount as referred to in No. 7(c) above shall be refunded.

9. Additional approval to be obtained

- (a) The branch office of the foreign bank or financial institution must obtain approval from the concerned Department / Office of the Nepal Rastra Bank for carrying on transaction in foreign currency in Nepal.
- (b) If the branch office of the foreign bank or financial institution wishes to repatriate the amount out of the profit earned in Nepal to the country where its head office is based in upon paying tax and fee and settling other liabilities, if any, pursuant to the law in force, it may repatriate such an amount upon obtaining approval from the Nepal Rastra Bank.
- (c) If the branch office of the foreign bank or financial institution closes its transaction or if it returns back upon closing the branch office, it must obtain necessary approval from the Nepal Rastra Bank and the concerned authority of the Government of Nepal.
- (d) The branch office of foreign bank or financial institution is required to obtain work permit from Department of Labor in case the Branch Office In-charge or other staffs are non-Nepali citizen.

Chapter IV

Banking Transaction and other Services

10. Provision on banking transaction and other service

The branch office shall only carry on wholesale banking transaction relating to deposit, loan, credit, other service and facilities in Nepal.

For the purpose as above, branch office shall carry on wholesale banking transaction and other services as follows: -

(a) Acceptance of deposit and collection of financial resource

- (1) It may collect at least one hundred million rupees once from **one** corporate body / associations registered in Nepal as fixed deposit (FD) for more than one year.
- (2) It may collect at least one hundred million rupees once from **one** corporate body / associations by issuing certificate of deposit (CDs) for more than one year.
- (3) In the case of collection of financial resource, it may issue commercial paper (CPs) requiring per person / association to purchase such a paper worth one hundred million rupees or more.

(b) Loan, credit / facilities

- (1) It may lend loan to the public corporation, enterprise, public / private company and corporate body / associations for the project relating to physical infrastructure development worth at least **two** hundred million rupees or more for a period more than one-year subject to the single borrower's credit limit. The computation of the single borrower's credit limit shall be made on the basis of core capital of the branch office established in Nepal. Moreover, the consortium loan must also be lent subject to the said limit.
- (2) It may lend loan at least two hundred million rupees or more to the production based industries in economic sector of the country, all the facilities relating to development under physical infrastructure sector such as hydro-power, hydro-power transmission line, cable-car, road and railway, tunnel way, airport, construction of extended and multi-family residential building, irrigation, mine, etc., the facilities relating to the social and service sectors such as hospital, school, college and university, the businesses relating to tourism and communication sector, and lease financing of aeroplane.
- (3) It may offer commercial transaction/ services such as letter of credit, guarantee and financial instruments / derivative instruments worth two hundred million rupees or more in convertible foreign currency subject to the prevailing laws. However, in the case of the projects where the branch office has on its own lent loan, credit and provided other facilities, this limit shall not be applicable.
- (4) No loan, credit and any other facilities shall be allowed to be channeled for any purpose of sale / purchase of land, margin lending / loan against shares, gold and silver and against the collateral of financial securities.
- (5) It may lend loan for the deprived sector under poverty alleviation program if it wishes so. For this purpose, the minimum credit limit of two hundred million rupees shall not be applicable.
- (6) It may provide financial service and facilities as required only to the project for which it has lent loan. No credit limit shall be applicable to the transaction of such service and facilities.

(c) Investment

- (1) Investment may be made in the securities having maturity of one year or more issued by the Government of Nepal, Corporations run by the Government of Nepal, Nepal Rastra Bank.

- (2) It may purchase and sell money market instruments such as Repo, Reverse Repo and operate interbank transactions and no credit limit shall be applicable to this transaction.

(d) Service

- (1) It may provide financial consultation service such as merger and acquisition, asset liability management, fund management etc. to bank and financial institutions.
- (2) It may open agent / agency account in a local bank for transaction relating to the international trade / service only.
- (3) It may invest in restructuring of problem bank / financial institution or as the strategic investment partner upon obtaining approval from the Nepal Rastra Bank.

Chapter V

Miscellaneous Provisions

11. Regulation and supervision

- (a) The Nepal Rastra bank and the regulatory and supervisory authority of the home country shall be vested with the powers to regulate and supervise all the transactions of the branch offices
- (b) The concerned foreign bank or financial institution shall perform the role of facilitator for exchanging memorandum of understanding, letter of exchange / agreement relating thereto between the Nepal Rastra Bank and the regulatory and supervisory authority of the home country.
- (c) The directives, circular, guidelines, etc. issued to the bank and financial institution licensed by the Nepal Rastra Bank shall also be applicable to the branch office of the foreign bank or financial institution (unless otherwise mentioned therein).
- (d) If any special arrangement is to be made for the branch office in respect of the issued directives, circular and guidelines, the Nepal Rastra Bank may do so.
- (e) As the Nepal Rastra Bank shall also have the jurisdiction over the branch offices just like other licensed bank and financial institution of Nepal, the act of off-site and on-site supervision shall be regularly and periodically carried out pursuant to the prevailing system and directives of the Nepal Rastra Bank.
- (f) The annual report of the concerned foreign bank or financial institution must also be forwarded to the Nepal Rastra Bank.

- (g) It shall be the duty of the branch office to observe the directives issued by the Nepal Rastra Bank from time to time.
- (h) If the policy directives of the Nepal Rastra Bank and the Nepal law in force are not complied, an action shall be taken and punishment and fine shall be imposed pursuant to Nepal Rastra Bank Act, 2058 (2002) and other prevailing national laws and regulations.

12. Branch Office In-charge to be responsible

- (a) The Branch Office In-charge based in Nepal and the concerned bank or financial institution as well shall be held accountable and liable to the transactions carried on by the branch office of the foreign bank or financial institution.
- (b) The Branch Office In-charge of the foreign bank or financial institution may leave Nepal only after obtaining approval from Nepal Rastra Bank.

13. Submission of financial statements

- (a) The branch office must submit financial statement to the Nepal Rastra Bank in the prescribed format.
- (b) The branch office must publish the statement of its financial transaction in the format as prescribed by the Nepal Rastra Bank in the national daily newspaper within 7 days, after expiry of each trimester, pursuant to the Nepali calendar.
- (c) The branch office must also produce financial statements to be produced to the Nepal Rastra Bank in Nepali currency on the basis of the Nepali fiscal year.

14. Revocation of license and settlement of assets and liabilities

- (a) The license of the branch office may be revoked in the following circumstances:
 - (1) If the Nepal Rastra Bank Act, Banks and Financial Institutions Act and Rules and Bye-laws issued there under are not found to be complied,
 - (2) If the manuals, directives, circulars, procedures, orders, etc. issued by the Nepal Rastra Bank from time to time are not found to be complied,
 - (3) If the central office of the bank or financial institution based in the home country is dissolved / liquidated.
 - (4) If the central office of the bank or financial institution decides to close its operation in Nepal.
- (b) The settlement of assets and liabilities and forfeiture of assets of the branch office of which license has been revoked shall be made as follows:
 - (1) If the branch office is not allowed to carry on transaction in Nepal upon revocation of its license as referred to in sub-section (1) it shall be the responsibility of the central office of the bank or financial institution

based in the home country to pay and settle all the liabilities arisen within and outside Nepal while operating branch office of that foreign bank or financial institution.

- (2) If it appears that it may take some time for payment and settlement of liabilities arisen in Nepal by the central office of the bank based in the home country in such a situation where the license is revoked, the Nepal Rastra Bank may also withhold assets of the branch office immediately after revocation of license.
- (3) The Nepal Rastra Bank shall release the assets withheld by it only after the central office of the bank based in the home country has paid and settled all the liabilities of the branch office.
- (4) The Nepal Rastra Bank shall withhold all the assets of the branch office of the foreign bank immediately after the Nepal Rastra Bank came to know that the central office of the bank based in the home country is liquidated and the assets so withheld shall also be used for the purpose of payment and settlement of liabilities arisen in Nepal.

Chapter VI

Provision Relating to Representative Office

15. Establishing Representative Office by Foreign Bank or Financial Institutions in Nepal

(a) Application to be made

- (1) The foreign bank or financial institution willing to operate representative office in Nepal must submit an application as prescribed in Schedule 6 to the Bank and Financial Institutions Regulation Department, Nepal Rastra Bank, accompanied by the documents prescribed in Schedule 7.
- (2) Foreign bank or financial institution shall pay an application fee of \$3,000 (United States Dollar of Three Thousand only, non-refundable) to Nepal Rastra Bank on lodgment of the application as per sub-section (a).

(b) Letter of Intent

- (1) The Nepal Rastra Bank shall, if it determines appropriate and reasonable upon making studies of the received documents, grant a letter of intent to operate representative office in Nepal.
- (2) While granting the letter of intent, the Nepal Rastra Bank may specify terms and conditions.

- (3) Upon obtaining the letter of intent from the Nepal Rastra Bank, the applicant must obtain approval from / get registered with Office of the Company Registrar pursuant to the Nepal law in force.

(c) Final Approval

- (1) The applicant must, within six months after obtaining the letter of intent, submit an application to the Nepal Rastra Bank for final approval upon completing the documents.
- (2) The Nepal Rastra Bank shall, if it determines appropriate and reasonable upon making studies of the received documents, grant a final approval to operate representative office in Nepal specifying terms and conditions.

(d) Renewal Fee

- (1) A foreign bank or financial institution shall pay an annual renewal fee of \$5,000 (United States Dollar of Five Thousand only) on or before the fifteenth day of August of each financial year for each representative office registered pursuant to this licensing policy.

16. Operational conditions for representative office

- (a) The business of a representative office of a foreign bank or financial institution must be confined to the conduct of liaison and research activities. The permissible activities include:
 - (1) Conducting research into the Nepalese economy;
 - (2) Liaising with Nepali customers of the foreign bank or financial institution;
 - (3) Acting as liaison between clients of the foreign bank or financial institution and other offices or affiliates of the foreign bank or financial institution other than an affiliate incorporated in Nepal;
 - (4) Promoting the services of the foreign bank or financial institution, or an affiliate of the foreign bank or financial institution other than an affiliate incorporated in Nepal;
 - (5) Providing information relating to the foreign bank or financial institution's products and services upon request;
- (b) The representative office must not conduct any form of banking business or activity related to the administration of banking business including:
 - (1) Soliciting deposits;
 - (2) Receiving deposits (this includes arranging for members of the public to deposit money into any account conducted with an authorized bank in

Nepal in the name of the representative office or the foreign bank, e.g. for remittance overseas);

- (3) Granting loans; drawing, accepting, endorsing or discounting bills of exchange;
 - (4) Establishing letters of credit;
 - (5) Dealing in or issuing securities;
 - (6) Dealing in derivative products;
 - (7) Buying or selling foreign exchange;
 - (8) Complaints handling and/or dispute resolution in relation to any financial services business conducted in Nepal;
 - (9) Executing any documentation for any of the foregoing purposes and activities other than those stated in sub section (1).
- (c) The representative office must not engage directly in financial transactions (whether within Nepal or overseas).
- (d) The activities of the representative office must be kept separate from those of any financial enterprise operating in Nepal. In particular, a representative may not also be an employee or director with day-to-day responsibilities of any financial enterprise operating in Nepal, and the representative office must be distinctly located from the office of any other financial enterprise.
- (e) The Chief Representative should be appointed from among the persons who have not been proved for committing any banking fraud.

17. Miscellaneous Provision

- (a) The representative of foreign bank or financial institution is required to obtain work permit from Department of Labor in case the representative Office In-charge or other staffs are non-Nepali citizen.
- (b) Each representative, on taking up duties, must provide to Nepal Rastra Bank a written acknowledgement that he/she will ensure that the conditions applicable to the operation of the representative office will be complied with at all times.
- (c) Any proposal to close or change the location of a representative office, or to change the Chief Representative, must be submitted to Nepal Rastra Bank and shall obtain due permission.
- (d) Nepal Rastra Bank must be informed immediately of any change in the arrangements for the foreign bank or financial institution's oversight of its representative office in Nepal.

- (e) A foreign bank or financial institution, which has a representative office in Nepal, must immediately inform Nepal Rastra Bank of any significant developments adversely affecting its financial soundness and/or reputation globally. Similarly, the foreign bank or financial institution must inform Nepal Rastra Bank of any problems/crisis relating to the banking industry in the home country.
 - (f) A foreign bank or financial institution, which has a representative office in Nepal, must promptly provide Nepal Rastra Bank each year with a copy of its published financial statements along with major financial indicators. The changes in financial indicators compared with previous year must also be provided to Nepal Rastra Bank annually.
 - (g) A foreign bank or financial institution will also need Nepal Rastra Bank's consent to establish representative offices in more than one location in Nepal or to share a representative office with another foreign bank.
- 18.** Foreign bank or financial institution which has incorporated a bank or financial institution in Nepal as the subsidiary company holding joint or cent per cent shares shall not be allowed to open branch or representative within Nepal.
- 19.** Previous policy provision "Policy Provision for Opening Branch Offices by Foreign Bank or Financial Institutions in Nepal, 2010" has been repelled.
- 20. Alteration may be made**
- The Nepal Rastra Bank may make alteration and amendment to this licensing policy as and when so required.

Format of application by a foreign bank or financial institution to Nepal Rastra Bank for grant of letter of intent to open its branch office in Nepal

I. General Information

1. Name of the applicant bank and/or financial institution:
2. Place and date of incorporation:
3. Address of Head Office:

II. Ownership and Management

1. List of names and addresses of directors and their qualifications and principal business

Name & address	Qualifications	Main occupation or business
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2. Name of the Chief Executive Officer.
3. Name and designation of senior official at Head Office who will be responsible for the bank or financial institution office operations in Nepal.

III. Structure

1. Organizational chart showing subsidiaries and associated companies.
2. Countries in which the bank or financial institution, subsidiaries and its representative office operate.
3. Number of domestic and overseas branches.

IV. Financial Position

1. Highlights of financial position of the bank or financial institution on the basis of last three years consecutive financial statements.
2. Capital adequacy ratio as per BIS standards indicating.
Tier - I and Tier - II capital separately
3. Category of bank or financial institution in the home country, ranking in home country (if any) and global ranking (D-SIB).
4. Credit ratings by international credit rating agencies.

V. Supervisory Arrangements

1. Details of supervisory arrangements to which the bank or financial institution is subject in its country of origin.

2. Home country regulations on establishment of foreign banks or financial institutions.

VI. Business ties with Nepal

1. Details of correspondent banking relationships with Nepali banks and the aggregate amount of lines of credit or other limits extended to them.
2. Details of foreign currency loans extended to Nepalese companies and other types of business transacted such as underwriting of equity/debt issues of Nepalese companies, etc.

VII. Details of proposed Branch Office in Nepal

1. Location:
2. Purpose of opening the office in Nepal, the benefits to the different sectors in the Nepalese community and activities proposed to be undertaken, internal control and risk management.

Schedule: 2

Documents to be produced by the foreign bank or financial institution, willing to open branch office in order to operate banking and financial transaction in Nepal, for approval prior to opening such a branch office.

- (a) Copies of the Memorandum of Association and Articles of Association of the foreign bank and the certificate of incorporation of the bank or financial institution in the concerned country and the capital structure,
- (b) Copy of license of the foreign bank obtained to operate banking and financial transaction in the concerned country,
- (c) Copies of the audited balance-sheet and profit loss account of the foreign bank for the last three fiscal years,
- (d) Letter of approval / permission granted by Board of Directors of the bank or financial institution to establish/open branch office in Nepal.
- (e) Letter of approval / permission granted by the central bank or regulatory authority of the concerned country to open bank or financial institution in Nepal pursuant to the law of the home country,
- (f) The description of the main place carrying on financial transaction in Nepal if such a place is confirmed,
- (g) Documents and statement of the possible office-bearers of the proposed branch or office of the foreign bank as prescribed,
- (h) Statement on plan, commercial strategy, type of transaction to be operated, internal control and risk management of the proposed business in Nepal,
- (i) Written commitment made by the Board of Directors of the bank of the home country to make on-demand payment to the Nepal Rastra Bank of the amount necessary for settlement of all its liabilities with regard to the commercial transaction made by the branch office, based in Nepal, of the foreign bank and settle any other liabilities,
- (j) Statement indicating that any office-bearer of the foreign bank is qualified as prescribed to fulfill his/her responsibilities,
- (k) Self-declaration made pursuant to the international standard relating to Know Your Customer (KYC), and the Anti-money Laundering Act (For instance: other statements along with Wolfsburg Format),

- (l) Other statements and documents as prescribed by the Nepal Rastra Bank from time to time,
- (m) Attested copy of the decision of the Board of Directors indicating commitment on the matter that it shall be the responsibility of the central office of the bank based in the home country to pay and settle all liabilities within and outside Nepal arisen while operating branch office of the foreign bank if such a branch office is not allowed to carry on transaction in Nepal upon revocation of license of the central office of the bank in the home country,
- (n) Original voucher depositing a non-refundable sum of 10,000 US Dollar in Na. No. Aa. Hi. Miscellaneous Account of the Banking Office, Thapathali of the Nepal Rastra Bank for the fee for application.
- (o) Attested copy of the decision of the Board of Directors indicating commitment that if the license of the central office of the bank or financial institution based in the home country is revoked and it is not allowed to carry on transaction in Nepal, the central office of the bank or financial institution based in the home country shall be liable to pay and settle all the liabilities within and outside Nepal arisen while operating branch office of the foreign bank or financial institution.

Individual statement of high-level managers to be engaged in the branch office of the foreign bank or financial institution to be opened in Nepal

1. Name / family name :
 - (1) Name and surname (in Nepali)
 - (2) Name (in English).....
 - (3) Name (in other language)

2. Date of BirthAge Year
3. Nationality
4. Passport No....Date of issuance Issuing country / place
5. Contact address No. Street District
6. Marital status
 - (1) Name of wife
 - (2) Number of son/daughter
 - Place of work of the son / daughter if they work
 - 2.1 Name Date of birth
 - Place of work Designation
 - 2.2 Name Date of birth
 - Place of work..... Designation
 - 2.3 Name Date of birth
 - Place of work Designation

7. Academic qualification		
Academic institution	Degree and main subjects	Year of securing qualification
_____	_____	_____
_____	_____	_____
_____	_____	_____

8. Working experience:

9. Main responsibilities performed in the past:

Name of organization	Designation	From – to	Reason for leaving Organization
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

10. Work experience of any post of other organizations, if any:

Company / Organization	Address	Designation
_____	_____	_____
_____	_____	_____
_____	_____	_____

11. High level managerial role performed in other financial organization because of undertaking 10 per cent share ownership on the date of application :

.....
.....
.....
.....
.....

12. I hereby certify that I have met qualifications necessary to establish branch office of the foreign bank pursuant to the Banks and Financial Institutions Act, 2006, Nepal law in force and the policy and guidelines of the Nepal Rastra Bank and have no adverse characteristics. I have enclosed herewith the photocopies of individual identity card and/or passport and certificates of academic qualification.

I hereby certify that information as above is true and the enclosed documents are authentic.

Signature: (Representative of the Company)

Date:

Signature: (Director authorized by the Company)

(.....)

(Seal of the Institution)

Date

Commercial plan of the branch office of the foreign bank or financial institution:

- 1. Commercial strategy**
 - 1.1 Purpose, policy and strategies of the transaction
 - 1.2 Commercial grounds and main services
 - 1.3 Targeted customers
 - 1.4 Competitive strategy
- 2. Overall strategy**
- 3. Commercial policy**
 - 3.1 Extension of credit
 - 3.2 Other investment
 - 3.3 Target and extension
 - 3.4 Possible loss management policy
- 4. Competitive analysis**
 - 4.1 Overall financial condition and sectoral analysis
 - 4.2 Analysis of strength / weakness, opportunities / threats (SWOT)
- 5. Financial data and main norms undertaken while formulating financial plan:**

Gross domestic production (per cent), inflation rate (per cent), limit of loan flow rate (per cent), limit of interest to be accrued in deposit (per cent)
- 6. Comprehensive statement of the purposed branch office**
 - 6.1 Location of the branch office
 - 6.2 Description of the proposed capital
 - 6.3 Number of foreign employees.

Application for approval for operation of the branch office of the foreign bank or financial institution

..... Bank Limited

**Nepal Rastra Bank
Central Office
Bank and Financial Institutions Regulation Department**

Re: Application for approval for operation of the branch office of the foreign bank or financial institution

As per the letter of intent received from the Nepal Rastra bank on, the persons having signature here under,

Name of the bank

Address of the branch office

have submitted this application for approval for operation of the branch office.

The following documents necessary for this application are enclosed herewith:

- (1) Documents necessary for management of the branch office
- (2) Organizational structure, modus operandi, method and staffing framework
- (3) Amount deposited in the Nepal Rastra Bank as the proof of depositing the assigned capital (..... in word) photocopy of certificate
- (4) Evidence / grounds which show the competency of the immediate operation:
 - (a) Inventory of the fixed capital and balance,
 - (b) Description of the possible location of office,
 - (c) Picture of office building and inner decoration,
 - (d) Specimen signature, form, format of form,
 - (e) Permanent account Number (PAN) and association registration No.
- (5) Individual statement of manager of the branch office and the statement indicating that he/she has not held any other post.

We hereby extend thank for granting approval.

Signature

.....

(Director authorized on behalf of the Company)

(.....)

Seal of the Institution

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I. General Information

1. Name of the applicant bank and/or Financial Institution:
2. Place and date of incorporation:
3. Address of Head Office:

II. Ownership and Management

1. List of names and addresses of directors and their qualifications and principal business

Name & address	Qualifications	Main occupation or business
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2. Name of the Chief Executive Officer.
3. Name and designation of senior official at Head Office who will be responsible for the bank or financial institution's operations in Nepal.

III. Structure

1. Organizational chart showing subsidiaries and associated companies.
2. Countries in which the bank or financial institution, subsidiaries and its representative office operate.
3. Number of domestic and overseas branches.

IV. Financial Position

1. Highlights of financial position of the bank or financial institution on the basis of last three years consecutive financial statements.
2. Capital adequacy ratio as per BIS standards indicating.
Tier - I and Tier - II capital separately
3. Category of bank or financial institution in the home country, ranking in home country(if any) and global ranking (D-SIB and other).
4. Credit ratings by international credit rating agencies.

V. Supervisory Arrangements

1. Details of supervisory arrangements to which the bank or financial institution is subject in its country of origin.

2. Home country regulations on establishment of foreign banks or financial institutions.

VI. Business ties with Nepal

1. Details of correspondent banking relationships with Nepali banks and the aggregate amount of lines of credit or other limits extended to them.
2. Details of foreign currency loans extended to Nepalese companies and other types of business transacted such as underwriting of equity/debt issues of Nepalese companies, etc.

VII. Details of proposed Representative Office in Nepal

1. Location:
2. Purpose of opening the office in Nepal, the benefits to the different sectors in the Nepalese community and activities proposed to be undertaken, internal control and risk management.

Checklist of documents to be enclosed by foreign bank or financial institution for grant of permission to open its representative office in Nepal

- (a) Copies of Memorandum and Articles of Association or similar documents.
- (b) Last three years' financial statements including audited balance sheet and profit and loss account, etc.
- (c) Certificate from supervisory authority that the applicant is duly authorized as a bank, is of good standing and it has been permitted to open a Representative Office in Nepal.
- (d) Attested copy of the approval letter from the Board of Directors of Bank.
- (e) Credit rating certificate awarded by international credit rating agencies.
- (f) Self-declaration made pursuant to the international standard relating to Know Your Customer (KYC), and the Anti-money Laundering Act (For instance: other statements along with Wolfsburg Format).