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**EASTERN CARIBBEAN CENTRAL BANK**



**PRUDENTIAL STANDARD ON PERMISSIBLE ACTIVITIES  
UNDER THE BANKING ACT, 2015**

**NOVEMBER 2019**

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**PRUDENTIAL STANDARD ON PERMISSIBLE ACTIVITIES  
UNDER THE BANKING ACT, 2015**

**1.0 INTRODUCTION**

**1.1 Authority**

This Prudential Standard is issued by the Eastern Caribbean Central Bank (the Central Bank), in exercise of the powers conferred by section 184<sup>1</sup> of the Banking Act, 2015 (hereinafter referred to as the Act).

**1.2 Overview**

Section 10(2)<sup>2</sup> of the Banking Act, 2015 outlines the permissible activities of licensed financial institutions (licensees). While subparagraphs (a)-(m) identify specific permissible activities, (n), gives the Central Bank the discretion to expand the list and make a determination that other activities are deemed banking practice and therefore permissible.

**1.3 Interpretation**

The following terms are defined for the purposes of this Standard:

***"Banking Business"*** means:

- (a) The business of receiving funds through:
  - (i) the acceptance of monetary deposits which are repayable on demand or after notice or any similar operation;
  - (ii) the sale or placement of bonds, certificates, notes or other securities; and
  - (iii) the use of such funds either in whole or in part for extensions of credit or investment for the account and at the risk of the person doing such business; and
- (b) any other activity recognised by the Central Bank as banking practice and which a licensed financial institution may additionally be authorised to do.

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<sup>1</sup> Section 183 of the Banking Act of Anguilla, No 6 of 2015

<sup>2</sup> Section 9(2) of the Banking Act of Anguilla.

**“Broker/Dealer services”** refers to services provided by an entity that engages in the business of trading securities for its own account or on behalf of its customers. It acts as a broker (or agent) when it executes orders on behalf of its clients, whereas it acts as a dealer (or principal) when it trades for its own account.

**"Central Bank"** means the Eastern Caribbean Central Bank established under Article 3 of the Eastern Caribbean Central Bank Agreement.

**"Licensed Financial Institution"** means any person or incorporated entity licensed to carry on banking business under the Banking Act.

**“Insurance Agent”** refers to an entity, which acts as an intermediary, bringing together potential clients seeking insurance cover with the aim of the insurance companies offering the clients suitable policies.

**“Investment Management Services”** refers to intermediary services for the management and purchase of various securities in order to meet specified investment goals for the benefit of clients. It also involves providing guidance to clients in exchange for specified fees, the making of investment recommendations or conducting securities analysis in return for a fee.

**“Permissible Activities”** refers to services that licensees are authorised to provide under the Banking Act.

#### **1.4 Objectives**

This Prudential Standard aims to:

- (a) List the activities that have been deemed to be banking practice under section 10<sup>3</sup>(2)(n) of the Act;

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<sup>3</sup> Section 9 of the Banking Act of Anguilla, No 6 of 2015

- (b) Establish the conditions under which the Central Bank would consider any other permissible activity under the Act.

This Prudential Standard must be read in conjunction with the Banking Act and any other pertinent Standards under the Banking Act.

### **1.5 Application**

This Prudential Standard applies to all licensed financial institutions.

### **1.6 Commencement**

This Prudential Standard shall come into effect on the 1<sup>st</sup> day of January 2020.

## **2.0 PERMISSIBLE ACTIVITIES**

Section 10(2)<sup>4</sup> of the Act outlines the list of permissible activities for licensees.

## **3.0 SERVICES DETERMINED TO BE BANKING BUSINESS**

Pursuant to section 10<sup>5</sup>(2)(n) the ECCB has determined the following as banking practice:

- i. Broker/Dealer Services;
- ii. Provision of Payment Card Services;
- iii. Investment Management Services; and
- iv. Insurance Business (as an agent).

Pursuant to section 10(4) the conduct of permissible activities by a licensed financial institution shall be in accordance with any conditions imposed in a licence.

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<sup>4</sup> Section 9(2)(n) of the Banking Act of Anguilla, No 6 of 2015

<sup>5</sup> Section 9 of the Banking Act of Anguilla, No 6 of 2015

#### **4.0 MINIMUM REQUIREMENTS FOR THE CONSIDERATION OF OTHER ACTIVITIES AS PERMISSIBLE BANKING PRACTICE UNDER THE BANKING ACT.**

The ECCB will also consider requests from licensees to engage in other activities. Pursuant to section 10(2)(n) of the Act, the central bank may determine other activities to be banking practice following an assessment based at minimum on the following:

- (i) A written request;
- (ii) Board approval;
- (iii) Evidence from the licensee that the decision to engage in the activity is in line with its strategic objectives;
- (iv) The projected revenues from the activity;
- (v) Justification for the introduction of the proposed activity, on the basis that:
  - a) It will enhance the financial and or operational situation of the applicant.
  - b) It will bring benefits to the public and or financial system.
- (vi) An appropriate risk management framework; and
- (vii) A system for providing reports/information as required by the ECCB.