



THE SHIMLA URBAN COOPERATIVE BANK LTD;

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Policy for the Appointment / re- appointment / termination and removal of CEO/Managing Director.

Introduction :

The policy for the appointment /re- appointment / termination and removal of CEO/Managing Director has been made in terms of RBI directive no RBI/2021-22/60, DOR.GOV.REC.25/12.10.000/2021-22 Dated June 25, 2021.

1. Applicability

The directions are applicable to all Primary (Urban) Cooperative Banks exempting UCBS with a deposit size of less than Rs. 100 crore as per preceding years audited balance sheet from the requirement of seeking approval of RBI under section 35 B (1) (b) read with section 56 of the BR act,1949 for appointment /re- appointment / termination and removal of CEO/MD.

The deposit of the Shimla Urban Coop Bank Ltd,. is less than 100 crore as on 31.03.2020 and falls in the exempted category hence prior approval of RBI is not required for the appointment /re-appointment/termination and removal of CEO/MD but Board approved policy based on all other provisions of these directions for appointment /re-appointment/termination and removal of CEO/MD is required.

- i) The "Chief Executive Officer means" the "Managing Director" appointed by the Board in terms of Bank Bye Laws No 36 (xvi) .
- ii)The Shimla urban Coop Bank Ltd,. shall be referred as SUCB .

2. Appointment of CEO/Managing Director

2.1 Managing Director, who may also be designated as Chief Executive Officer or by any other name, is a person who is entrusted with the management of the whole, or substantially the whole of the affairs of a UCB, subject to the regulations or directions issued by the Reserve Bank from time to time. The CEO/MD shall function under the overall general superintendence, direction and control of the Board of Directors (BoD).

3. The UCBs shall ensure that the following 'fit and proper' criteria is fulfilled by the person being appointed as CEO/ MD.

Eligibility

3.1 The person shall be a graduate, preferably, with

(a) Qualification in banking/ co-operative banking such as CAIIB / Diploma in Banking and Finance / Diploma in Co-operative Business Management or equivalent qualification;

or

(b) Chartered / Cost Accountant / MBA (Finance); or

(c) Post graduation in any discipline.

3.2 The person shall not be below the age of 35 years and above the age of 70 years at any time during his/ her term in office. However, within the overall limit of 70 years, as part of their internal policy, individual bank's Boards are free to prescribe a lower retirement age.

3.3 The person shall have a combined experience of at least eight years at the middle / senior management level in the banking sector (including the experience gained in the concerned UCB) or non-banking finance companies engaged in lending (loan companies) and asset financing.

3.4 Knowledge of regional language may be considered as an advantage.

4. Propriety Criteria

4.1 The person shall not

(i) be engaged in any other business or vocation;

(ii) be holding the position of a Member of Parliament or State Legislature or Municipal Corporation or Municipality or other local bodies;

(iii) be a director of any company other than a company registered under section 8 of the Companies Act, 2013;

(iv) be a partner of any firm which carries on any trade, business or industry;

(v) have substantial interest in any company or firm as defined in Section 5(ne) read with section 56 of the Banking Regulations Act, 1949;

- (vi) be a Director, Manager, Managing Agent, partner or proprietor of any trading, commercial or industrial concern;
- (vii) be of unsound mind and stands so declared by a competent court;
- (viii) be an undischarged insolvent;
- (ix) be convicted by a criminal court of an offence involving moral turpitude;
- (x) be a director of any other co-operative bank or a co-operative credit society.

4.2. The person shall submit a self-declaration on personal integrity as per **Annex II**

5. Tenure of CEO/MD

5.1 The tenure of MD/ CEO shall not be for a period more than five years at a time subject to a minimum period of three years at the time of first appointment, unless terminated or removed earlier, and shall be eligible for re-appointment. The performance of CEO/MD shall be reviewed by the Board annually.

5.2 However, the post of the CEO/ MD cannot be held by the same incumbent for more than 15 years. Thereafter, the individual will be eligible for re-appointment as CEO/MD in the same bank, if considered necessary and desirable by the board, after a minimum gap of three years, subject to meeting other conditions. During this three-year cooling period, the individual shall not be appointed or associated with the Bank in any capacity either directly or indirectly.

6. Nomination and Remuneration Committee (NRC)

The Shimla Urban Coop Bank Ltd., shall constitute a "Nomination and Remuneration Committee (NRC)" consisting of three directors from amongst the Board of Directors (BoD) and nominate one among them as Chairman of the NRC. All three members of the NRC are required to be present in each meeting. In case of absence of any member nominated to the NRC, the BoD shall nominate any other director in his place to ensure the quorum. At the time of constituting the NRC, the BoD shall also decide its tenure.

6.1 The NRC shall undertake a process of due diligence to determine the 'fit and proper' status of a person being considered for appointment as CEO/MD. On completion of the process of due diligence, the NRC shall identify the person from among the shortlisted candidates and recommend to the BoD for appointment as CEO/MD.

6.2 NRC shall also recommend the remuneration which shall be payable to the CEO /MD while recommending the remuneration, the NRC shall ensure that the cost / income ratio of the bank supports the compensation package and it is consistent with the maintenance of a sound capital adequacy ratio.

6.3The BoD may approve the name of the person as recommended by the NRC for appointment as CEO/ MD, if it is satisfied that the NRC's recommendations on the proposed appointment and remuneration are in order.

7. Re-appointment

In the case of a proposal for re-appointment of the incumbent CEO/MD , the SUCB, shall follow the same procedure as prescribed in Para 6.1 supported by the recommendation of NRC, resolution of the Board approving the recommendation of NRC.

8 Termination of CEO/ MD by SUCB

In case a SUCB decides to terminate the services of CEO/ MD before the expiry of tenure, it shall move a case to Board for necessary resolution to that effect.

9. Temporary appointment of CEO/ MD

Appointment of CEO/MD on temporary basis in SUCB shall be made as per the provisions of Section 10B(9) read with section 56 of the Act. Accordingly, the bank may, with the approval of the Reserve Bank, make suitable arrangements for carrying out the duties of CEO/MD for a period of not exceeding four months. The bank shall complete the process of regular appointment within the period of the aforesaid four months.

10. Miscellaneous.

10.1 CEO/MD shall be an ex-officio member of the BoD and may have voting rights in board meetings , if it is permissible under the provisions of the co-operative societies act.

10.2 In public interest, the CEO/MD shall execute the deed of covenants in the format annexed **(Annex I)**.

10.3The appointment/ re-appointment/ termination of CEO/MD shall be informed to the General Body in the ensuing Annual General Meeting.

10.4 The performance of CEO/MD shall be reviewed by the Board annually.