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ROYAL MONETARY AUTHORITY OF BHUTAN



RMA/GO/CG/01/2017-18/8173

25th June 2018

The Chief Executive Officer(s),
Financial Institutions / Service Providers,
Thimphu.

Dear Sir(s),

Subject: Issuance of Corporate Governance Rules and Regulations 2018

In pursuant to Section 202 of the Financial Services Act of Bhutan 2011, the Royal Monetary Authority of Bhutan (RMA) is pleased to issue the Corporate Governance Rules and Regulations 2018 (CGRR 2018) with effect from 1st July 2018.

The CGRR 2018 is aimed to enhance corporate governance standards and practices in the regulated entities under the supervision of the RMA in order to promote stability, soundness and integrity of the financial sector in Bhutan.

To ensure smooth implementation of the CGRR 2018, the RMA hereby issues the following directives:

1. The CGRR 2018 shall supersede Corporate Governance Regulations 2011. Notices, circulars, and office orders circulated in pursuance to the Corporate Governance Regulations 2011, which are not superseded by CGRR 2018, shall be valid until the Authority rescinds through notices.
2. The CGRR 2018 shall be read in conjunction with the Companies Act of Bhutan 2016, where applicable. In case of any inconsistency in the provisions between the CGRR 2018 and the Companies Act of Bhutan 2016, the provisions in the CGRR 2018 shall prevail as empowered by Section 364 of the Financial Services Act 2011.
3. The regulated entities shall implement the CGRR 2018. Where a regulated entity is a State-Owned Enterprise or is under a holding company, it may adopt the corporate governance codes issued by the Government or the holding company in addition to CGRR 2018. However, in case of any inconsistency in the provisions between CGRR 2018 and the other codes, the provisions of the CGRR 2018 shall prevail.
4. The regulated entities shall assess their corporate governance practices and shall align with the CGRR 2018. After a six-month transition period from the date of issue of this rules and regulations, the RMA shall review the implementation by regulated entities and recommend remedial actions for compliance by June 2019.
5. The regulated entities shall disseminate the CGRR 2018 to their board of directors and relevant employees for governance and effective compliance.



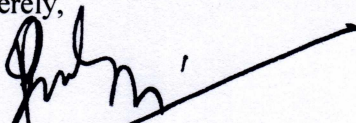
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ROYAL MONETARY AUTHORITY OF BHUTAN



The CGRR 2018 is available on the Authority's website at www.rma.org.bt.

The Authority solicits your cooperation in the implementation of the CGRR 2018.

Sincerely,


(Dasho Penjore)
GOVERNOR

Copies:

1. Hon'ble Board of Directors of the Royal Monetary Authority of Bhutan, Thimphu for kind information
2. Hon'ble Secretary, Ministry of Finance, Thimphu for kind information
3. Chief Executive Officer, Druk Holding and Investments, Thimphu for kind information
4. Registrar of Companies, Company Registry Division, Ministry of Economic Affairs, Thimphu for kind information