

27th July 2011

TO CHIEF EXECUTIVES OF COMMERCIAL BANKS, NON-BANK FINANCIAL INSTITUTIONS AND MORTGAGE FINANCE COMPANIES

GUIDANCE NOTE NO. 2 OF 2011 - HOLDING OF BOARD MEETINGS THROUGH VIDEO CONFERENCING

I. BACKGROUND

Board meetings are critical to all institutions. These meetings afford boards of directors an opportunity to exercise their statutory and supervisory duties over institutions. Approvals, evaluations and reviews by the boards on the activities of the institutions are carried out during board meetings. Board meetings also enable board members to be updated on the general management of the institutions.

Traditionally, board meetings have been held in physical premises where participating members are present. Under this set up, members have to travel from their places of abode to the meeting place to attend board meetings. The advent of information technology has dramatically changed the ways of doing business. Technology has made it possible for meetings to be held without the need to physically meet in one place. Teleconferencing and video conferencing have become additional means by which meetings can be held. The Central Bank takes cognizance of the convenience and cost saving opportunities brought about by video conferencing. Many organizations and business entities are increasingly embracing the practice of holding meetings through video conferencing. The Central Bank is of the view that institutions that are desirous of holding some board meetings through video conferencing should be able to do so under predetermined guidelines.

The Central Bank views the use of video conferencing as a means by which institutions can hold meetings where to do so would not jeopardize or prejudice the agenda of the meeting or the expected deliberations. In this regard, the Central Bank hereby sets out minimum requirements which should be met by institutions which would like to hold some of their board meetings through video conferencing. It must however be noted that video conferencing should not wholly substitute the traditional method of holding board meetings. Physical contact during meetings is an integral part of an effective meeting and must therefore continue to remain the main mode of holding meetings, even if video conferencing is embraced.

2. MINIMUM REQUIREMENTS

Institutions are required to formulate documented policies and procedures on video conferencing detailing amongst other things, the following;

1. The nature or kind of meetings that can be held through video conferencing.
2. There should be a mix of both physical meetings and video conferencing with respect to the minimum number of meetings that a board should hold in one year.
3. Video conferencing as a means of holding meetings should be permitted in the Articles of Association of the institution. It is also desirable that shareholders of the institution approve the adoption of this technology.
4. The role of the board secretary for purposes of organizing, holding, minuting and subsequent confirmation of the minutes of the last meeting held through video conferencing is central. In this regard, the secretary should assume the following responsibilities;
 - i) To oversee the overall conduct of the meeting.
 - ii) To find reliable video conference equipment/facilities.
 - iii) To record the proceedings and prepare the minutes of the meeting.
 - iv) To store for safekeeping and mark the tape recordings and/or other electronic recording mechanism as part of the records of the institution.
 - v) To send out the notices of the meeting to all directors in accordance with the manner of giving notice as stated in the corporate by-laws. The notice should contain the following information;
 - a) Inquiry on whether the director will attend physically or through video conferencing;
 - b. Contact number(s) of the Secretary and office staff whom the director may call to notify and state whether he shall be physically present or attend through video conferencing;
 - c. Agenda of the meeting;
 - d. All documents to be discussed in the meeting, including attachments, should be numbered and duly marked by the Secretary in such a way that all the directors, physically or electronically present, can easily follow, refer to the documents and participate in the meeting.
5. The Chair and the Secretary should have a well coordinated plan on how to conduct the meeting through video conferencing.
6. If the director chooses video conferencing, he should give notice of at least seven days prior to the scheduled meeting to the Secretary. He should also inform the Secretary of his contact number/s and furnish any other relevant information necessary for him to effectively participate in the meeting via video conferencing. In the same way, the Secretary shall inform the director concerned of the contact number/s he will call to join the meeting. The Secretary shall keep the

records of the details, and on the date of the scheduled meeting, confirm and note such details as part of the minutes of the meeting.

7. In the absence of a confirmation from a director that he will participate in the meeting through video conferencing, it is presumed that the director will physically attend the board meeting.

At the start of the scheduled meeting, a roll call shall be made by the Secretary. Every director and participant shall state, for the record, the following:

- a. Full Name.

- b. Location.

- c. For those attending through video conferencing, they shall confirm that:

- i. they can completely and clearly hear and see the others who can clearly hear and see them on the other end.

- ii. they have received the agenda and all the materials for the meeting

8. A roll call shall be taken and the Secretary may certify the existence of a quorum.

9. All participants shall identify themselves for the record, before speaking and must clearly hear and/or see each other in the course of the meeting. If a person fails to identify himself, the Secretary shall quickly state the identity of the last speaker. If the person speaking is not physically present and the Secretary is not certain of the identity of the speaker, the Secretary must inquire to elicit a confirmation or correction.

If a motion is objected to and there is a need to vote, the Secretary should call the roll and note the vote of each director who should identify himself.

If a statement of a director/participant in the meeting via video conferencing is interrupted or unclear, the Secretary shall request for a repeat or reiteration, and if need be, the Secretary shall repeat what he heard the director/participant was saying for confirmation or correction.

10. The Secretary shall prepare minutes which should be circulated to everyone who attended the meeting for comments. The Secretary should then consider the comments received and prepare revised draft minutes which should be presented to the board members in the next meeting for their approval and adoption. The draft minutes can further be amended shortly before adoption

11. If for any failure arising from human or machine error or power outage it is not possible to hold the meeting in the manner described herein above even if the meeting has commenced, the meeting shall be deemed not to have been held.

12. Meetings held through video conferencing should not be rushed or otherwise conducted in a manner as to leave some participants dissatisfied with the way the meeting is being held. Participants should be accorded reasonable opportunity to make their contributions to the discussions.
13. Up to twenty five (25%) of the actual meetings to be held in a year may be conducted through video conferencing, provided that the majority of the directors are physically present.
14. No director shall attend all board meetings in any given year through video conferencing.

While these are the minimum requirements, institutions have the responsibility of formulating appropriate policies and procedures for holding effective meetings. The policies once formulated should be approved by the board of directors before implementation.

The purpose of this Guidance Note is to permit institutions to hold some of the board meetings through video conferencing and to give guidance on the minimum requirements that should be complied with by institutions before, during and after such meetings. It should however be noted that this Guidance Note is supplemental to the requirements of the Companies Act.

In the event of any query or clarification, please contact:

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