



Final DRAFT

LICENSING AND SUPERVISION **OF BANKING/ INSURANCE/MICROFINANCING BUSINESS** **Corporate Governance Directives No.//.../2014**

Whereas, sound corporate governance plays a vital role in maintaining the safety and soundness of financial system in general and **banking/insurance/microfinance** sector in particular;

Whereas, corporate governance gives way to balanced risk taking and enhances business prudence, prosperity and corporate accountability with ultimate objective of realizing long term shareholders value and other stakeholders interest;

Whereas, the National Bank of Ethiopia should ensure whether **banks/insurers/microfinance institutions** are soundly and prudently managed and directed;

Now, therefore, in accordance with article **14 (4b &c) and 59(2) of Banking Business Proclamation No. 592/2008/ 15 (4b-f) and 58 (2) of Insurance Business Proclamation No. 746/2012/ 11(4) and 27 (2) of Microfinance Business Proclamation No. 626/2009**, the National Bank of Ethiopia hereby issues these directives.

1. Short title

These directives may be cited as **“Corporate Governance for Banks/Insurers/Micro Finance Institutions Directives No. ---/2014”**

2. Definitions

For the purpose of these directives, unless the context provides otherwise:

- 2.1. “chief executive officer”** means a person, by whatever title that person may be referred to, who is primarily responsible for the day-to-day management of the **affairs of a bank /an insurer/a microfinance** institution;
- 2.2. “corporate governance”** means the process and structure used to direct and manage the business and affairs of a bank/an insurer/a microfinance institution towards enhancing business prosperity and corporate accountability with

ultimate objectives of realizing long term shareholders value and other stakeholders interest ;

- 2.3. **“director”** means any member of the board of directors of a **bank/an insurer/a microfinance institution**, by whatever title he/she may be referred to;
- 2.4. **“employee”** means a chief executive officer, a senior executive officer or any other person who is appointed or hired by a **bank/ an insurer/a microfinance institution** to carry out its day-to-day operational activities;
- 2.5. **“material nature”** means a transaction that exceeded Birr 50,000;
- 2.6. **“minority shareholders”** means **any shareholder who owns less than 2% of the subscribed capital of the company;**
- 2.7. **“National Bank”** means the National Bank of Ethiopia;
- 2.8. **“person”** means any natural or juridical person;
- 2.9. **“related parties”** means,
on the one hand, a shareholder, a director, a chief executive officer, or a senior executive officer/senior officer of that **bank/insurer/microfinance institution** and/or the spouse or relation in the first degree of consanguinity or affinity of such shareholder, director, chief executive officer, or senior executive officer/senior officer (MFI); and
on the other, a partnership, a common enterprises, a private limited company, a share company, a joint venture, a corporation or any other business in which the shareholder, director, chief executive officer, senior executive officer/senior officer (MFI) of the **bank/insurer/microfinance institution** and/or the spouse or relation in the first degree of consanguinity or affinity of such shareholder, director, chief executive officer, senior executive officer/senior officer has a business interest as shareholder, director, chief executive officer, or senior executive officer/senior officer, owner or partner;
- 2.10. **“risk management program”** means a program that clearly identifies inherent and significant risks of a bank/an insurer/ micro finance institution together with strategy, policy and procedure for mitigation of such risks;
- 2.11. **“remuneration”** means compensation and allowance paid to each director; (Bank and Insurance);
- 2.12. **“senior executive officer/Senior officer (MFI)”** means **any officer** of a **bank/an insurer/a microfinance institution who, by whatever title he/she may be referred to (insurance), is deputy to the chief executive officer or is directly reporting to the board of directors;**

- 2.13. “**senior management**” means chief executive officer, senior executive officers/senior officers, and others who are deemed as member of the management. (All)

3. Scope of application

The provisions of these directives shall be applied on all **banks/insurers/microfinance institutions**.

4. General requirements

- 4.1. Any transaction an insurer/a bank/ MFIs carries out against its own policy, procedure and regulatory requirements of the National Bank is not allowed;
- 4.2. Any transaction concluded in contravention of sub-article 4.1 of this article shall be construed null and void from the beginning;
- 4.3. **A shareholder or a director**, depending on the case, who in any matter transacts in contravention of Sub-Article 4.1 of these Directives shall be,
- 4.3.1. prohibited to take any loan, except the cash value of the life insurance policy, and conclude foreign currency related transactions with the Bank/MFI in which he/she is a shareholder or director;
- 4.3.2. suspended or cancelled from his/her seat on the board,
- 4.3.3. prohibited from investing in any financial institutions for 5 years effective from the date of violation;
- 4.3.4. subject to any other appropriate action the National Bank deems necessary depending on the case;
- 4.4. Any business loan and/or foreign currency transaction(Bank and MFIs)/claims(Insurance) concluded between the chief executive officer and senior executive officer and the company
- 4.4.1. shall be approved by the Board, and
- 4.4.2. if it is in contravention of sub-article 4.1 of this article shall be construed null and void from the beginning and subject to appropriate action the National Bank deems necessary;
- 4.5. The general assembly of private **banks/ insurers/ microfinance institutions** is responsible for the appointment of an external auditor which should not be delegated to any other organ in the company’s structure.
- 4.6. The memorandum and articles of association shall clearly define and separate roles and responsibilities for the chairperson of the board and the chief executive officer to ensure an appropriate balance of role, responsibility, authority and accountability;
- 4.7. All meetings of the general assembly, ordinary or extraordinary shall be recorded in an audiovisual medium such as video compact disk (VCD) and delivered to the National Bank together with the minutes of the assembly.

5. Shareholders

- 5.1 Shareholders of private **banks/ insurers/ microfinance institutions** shall ensure that only competent and reliable persons who can enrich and add value to the company are elected or appointed to the board of directors; **(All)**
- 5.2 In case of private banks shareholders shall ensure that the board is held accountable and responsible for the inefficient and ineffective governance of the **bank/insurer/micro financing institution**;
- 5.3 The shareholders of private **banks/ insurers/ microfinance institutions** shall change a director(s) who does not perform to the expectation or in accordance with the mandate of **bank/insurer/micro financing institution** or directives of the National Bank.

6. Board

6.1.Nomination committee and appointment

- 6.1.1. The general assembly of private **banks/insurers/MFIs** shall establish Board Standing Nomination Committee, that is directly accountable to the former, independent from board of directors and shall not have a seat on the board of the Company;
- 6.1.2. The annual general assembly shall specify the number of candidates to be shortlisted by the Board Standing Nomination Committee for board membership. However, such number shall not be less than twice the number of board seats in the institution;
- 6.1.3. The Board Standing Nomination Committee shall develop and implement transparent rules and procedures for nomination of potential candidates for the board taking due consideration to the relevant directives of the National Bank;
- 6.1.4. The Board Standing Nomination Committee shall give equal opportunity to all shareholders in nominating potential candidate for a seat on the board. The preferred approach shall be requesting each and every shareholder to nominate a candidate for board membership by convenient means of communication well ahead of the date of the general assembly; which shall not be less than three months and selecting the candidates for vacant seats in line with the votes given by participating shareholders, unless the shareholders decide to handle the process differently or unless the case where shareholders want to remove directors before their terms of office;
- 6.1.5. In case of all regular board elections, to ensure transparency, shortlisted candidates shall be posted to the Company's webpage at least one month

before the date of the general assembly the conducts of the business of election which may be accessible by the shareholders only;

- 6.1.6. The Board Standing Nomination Committee presents the shortlisted candidates to the general assembly that will elect the appropriate number of directors from the shortlisted nominees as stipulated under sub-article 6.1.2 of these Directives;
- 6.1.7. The Board Standing Nomination Committee shall have at least five members and, unless replaced by the general assembly or specifically set by the general assembly shall serve for 3 years;
- 6.1.8. All board nomination and elections shall pass through nomination committee's defined process unless decided by the shareholders otherwise.

6.2.Size and composition

- 6.2.1. A **bank/an insurer/a microfinance institution** shall have at least nine (seven for MFI) directors;
- 6.2.2. The board shall comprise of directors who as a group provide a mixture of core competencies such as banking, finance, insurance, accounting, legal, business administration, auditing information technology and investment management; (**All**)
- 6.2.3. At least two of the board members of **a bank/an insurer/a micro financing institution** shall be qualified or experienced in finance related disciplines;
- 6.2.4. The board of insurer/Bank/MFIs shall comprise minority shareholders whose number shall not be less than 1/3 of the total board members.

6.3.Appointment

- 6.3.1. An insurer/a bank/MFIs shall submit application to the National Bank for approval of directors in fifteen days from the date of their appointment;
- 6.3.2. Appointment of directors and commencement of their office term shall be subject to approval by the National Bank in accordance with the requirements stipulated under Directives No. SIB/32/2012;
- 6.3.3. A person shall not serve on his own behalf or representing any other shareholder as a director of **an insurer/a bank/MFIs** for more than six consecutive years. However, he/she may be re-elected after a lapse of six years;

- 6.3.4. Notwithstanding sub-article 6.3.3, herein above, if the shareholders of **an insurer** wish to maintain continuity in the board and re-elect some of the existing board members, they may re-elect such persons for only one more term. The number of board members so re-elected shall, however, be limited to a maximum of one-third (1/3) of the outgoing board members; and
- 6.3.5. The term of office of the outgoing directors of **an insurer/bank/MFIs** may not terminate until written approval for the incoming directors is granted by the National Bank;

6.4. Qualifications and trainings

- 6.4.1. Nominated candidates to the board of **a bank/an insurer/ a microfinance institution** shall meet **Requirements for Persons with Significant Influence in a Bank/an Insurer/ a Microfinance Institutions Directives No SBB/54/2012/ SIB/32/2012/ MFI/21/2012;**
- 6.4.2. **A bank/ an insurer/ a microfinance institution** shall give training to directors at least once in a year on areas of financial analysis, corporate governance, applicable laws, regulations and directives and risk management and internal control;
- 6.4.3. The **bank/insurer/microfinance institution** shall file certificate of training of directors with the National Bank.

6.5. Meetings

- 6.5.1. The board shall set up and put in use rules for the “manner of conducting board meetings”;
- 6.5.2. Board meetings shall be held at least once in a month; **(All)**
- 6.5.3. The board shall fix meeting days and venue. The chairperson or the secretary of the board shall serve formal notice of meeting to each director, together with agenda items, at least three days earlier than the meeting day;
- 6.5.4. A director shall attend in person at least 75% of the board meetings of **a bank/an insurer/a microfinance institution** within the financial year. Failure to do so, **unless adequately justified and accepted by shareholders general meeting**, will render automatic cancellation of his/her seat on the board;

- 6.5.5. The proceedings of board meetings shall be minuted and sequentially numbered. **(All)**
- 6.5.6. Board remuneration shall be paid in proportion to board meetings attendance. For example, a board member who attends 4 meetings out of 12 meetings in a year shall be paid 25% of the remuneration.

6.6.Responsibilities

The board of a **bank/an insurer/a microfinance institution** shall at least be responsible for:

- 6.6.1. establishing clear policies for shareholder relations and at least annually reviewing practices, aimed at clearly communicating the goals, strategies and achievements of the bank/insurer/micro financing institution;
- 6.6.2. reviewing and approving strategies, policies, procedures/guidelines, annual business plans & budgets; **(All)**
- 6.6.3. monitoring management's performance in implementing issues indicated under 6.6.2 herein above by setting key performance indicators (KPI) ; **(Annex I) (All)**
- 6.6.4. setting and enforcing clear lines of responsibilities and accountabilities throughout the organization by reviewing and approving the organizational structure of the **bank/insurer/microfinance institution**;
- 6.6.5. reviewing and approving code of conduct for the board and senior management which at a minimum covers items listed under Annex II **(All)**;
- 6.6.6. ensuring the establishment of code of conduct for the employees of the **bank/insurer/microfinance institution**;
- 6.6.7. selecting and appointing executive officer and senior executive officers who are qualified and competent to administer the affairs of the **bank/insurer/microfinance institution** effectively and efficiently;
- 6.6.8. approving succession plan policy for chief executive officer and senior executive officers and effectively monitor its implementation; **(All)**
- 6.6.9. ensuring that the operation of the **bank/insurer/microfinance institution** is run prudently, and in accordance with relevant laws, regulations, policies, and procedures;
- 6.6.10. ensuring that the **bank/insurer/microfinance institution** puts in place comprehensive risk management program;

- 6.6.11. setting up an effective internal audit unit, staffed with qualified personnel to perform internal audit functions, covering financial, operational and management audit; **(All)**
- 6.6.12. formulating policies and procedures aiming at avoiding self-serving practices and conflicts of interest including dealings of any form with related parties and monitoring their executions; **(All)**
- 6.6.13. ensuring that the National Bank's examination report is considered as confidential by the directors, management and employees of the **bank/insurer/microfinance institution**;
- 6.6.14. ensuring that appropriate and timely actions are taken to address the regulatory and supervisory concerns, on-site and off-site examination recommendations and external audit findings and recommendations; **(All)**
- 6.6.15. establishing and ensuring the effective functioning of various board sub-committees including, but not limited to, Audit and Compliance Committee, Risk Committee and Remuneration/Compensation Committee (Annex III) **(All)**
- 6.6.16. the sub-committees referred in sub-article 6.6.15 shall convene at least once in a month and report its resolution to the board of directors; **(All)**
- 6.6.17. assessing periodically the effectiveness of the board, its committees, and individual directors in carrying out their responsibilities; **(All)**
- 6.6.18. ensuring that appropriate management information systems (MIS) is established to produce reliable and timely information on the performance of the **bank/insurer/microfinance institution**;
- 6.6.19. setting appropriate delegation of authority and strictly monitoring its implementation; **(All)**
- 6.6.20. ensuring the solvency of insurers on on-going basis **(insurer)**; and
- 6.6.21. appointing secretary to the board **(All)**.

6.7.Roles and responsibilities of chairperson and secretary

- 6.7.1. The board secretary shall maintain clear and comprehensive minutes and other relevant documents of any action deliberated during board meetings; **(All)**
- 6.7.2. The board chairperson and the secretary of the board shall
 - 6.7.2.1. deliver all minutes of the general assembly to the National Bank within 15 days of the date of the minute, and

- 6.7.2.2. ensure that minutes of the general assembly and board meetings appropriate for registration with appropriate government institutions such as Document Authentication and Registration Office (DARO) are registered timely,

6.8. Authority

- 6.8.1. The board shall establish and document a formal schedule of matters specifically reserved for its decision as provided in the company's Articles and Memorandum of Association to ensure that the direction and control of the **bank/insurer/microfinance institution** is firmly retained in its hands; and
- 6.8.2. The schedule referred under sub-article 6.8.1 of these directives shall at a minimum include the following matters.
- a) Acquisitions and disposals of major assets of the bank/insurer/microfinance institution;
 - b) Related-party transactions of a material nature; (**All**)
 - c) Authority level for core functions of the **bank/insurer/microfinance institution**; and
 - d) Corporate policies on inherent and significant risks and risk management (**All**) (Annex IV).

7. Senior management responsibilities

Besides the requirements stipulated in laws, regulatory requirements of the National Bank and the company's own policies and procedures, senior management shall at least be responsible for:-

- 7.1 developing corporate strategies, policies, procedure manuals, guidelines, business plans & budgets which are subject to approval by the board before implementation (Annex IV); (**All**)
- 7.3 ensuring documents indicated under article 7.1 herein above are communicated to all concerned staff; (**All**)
- 7.4 preparing organizational structure that clearly and appropriately assigns duties, responsibilities & authorities, and ensures segregation of duties; (**All**)
- 7.5 allocating duties and responsibilities in well-defined job descriptions; (**All**)
- 7.6 providing the board with timely, relevant, and complete reports on the execution of plan performance; (**All**)
- 7.7 preventing conflicts of interest in the **bank/insurer/microfinance institution**;

- 7.8 developing procedures and controls to address compliance with laws and regulations applicable to the **bank/insurer/microfinance institution**, get approval from the board and implement;
- 7.9 developing management information system that adequately address the **bank's/insurer's/microfinance institution's** business environment and risk profile, get approval from the board and implement;
- 7.10 implementing an effective internal control system and risk management program of the **bank/insurer/microfinance institutions**; and
- 7.11 implementing timely corrective action on deficiencies and issues that have been raised or reported by the National Bank, external and internal auditors and risk managers.**(All)**

8 Disclosures

- 8.1 The board and **senior management** shall be transparent to shareholders, **depositors/ policyholders** and other relevant stakeholders without breaching necessary confidentiality. To this end, a **bank/an insurer/a microfinance institution** at a minimum shall disclose
 - 8.1.1 related party loan/ foreign currency/ claims transactions
 - a) to the National Bank within five working days from the date of the transaction specifying the name, type of transaction, amount involved, status of the transaction at least once in a quarter, and attestation that the transaction has been carried out at arms length in compliance with the regulatory requirements, the Company's own policy and procedures, and
 - b) uploaded the information stipulated under Sub Article 8.1.1(a) of these directives on the company's website, report in the annual audited statements together with the opinion of the external auditors on it, giving assurance that the transactions are conducted at arms-length and in compliance with rules, regulations, and company policies and procedures,
 - c) in case of non-performance, the company shall disseminate the information through widely circulating news paper at least once in a week for a period of four consecutive weeks; **(All)**
 - 8.1.2 the board members, including its size, mandate, qualification, experience, board sub-committees' roles and responsibilities, and the attendance of each director in board meetings, **(All)**
 - 8.1.3 senior management structure, including responsibilities, reporting lines, qualification and experience, **(All)**
 - 8.1.4 basic organizational structure, including line business structure, **(All)**

- 8.1.5 the board's expectation of senior management and its performance in achieving them, **(All)**
- 8.1.6 shareholdings of influential shareholders, **(All)**
- 8.1.7 incentive and compensation policies, **(All)**
- 8.1.8 a copy of the last audited balance sheet and profit and loss accounts in respect of all of its operations at every place of its business, including its branches and in a conspicuous place throughout the year, and **(All)**
- 8.1.9 a copy of the last audited balance sheet and profit and loss accounts, together with the notes thereto, which is published in a newspaper of wide circulation. **(All)**
- 8.1.10 board attendance, **(All)**
- 8.1.11 Financial penalties and administrative measures imposed by the National Bank. **(All)**

9. Prohibition

No employee of an **insurer/ micro-financing institution**, permanent or contractual, shall have a seat on the board of any insurer/micro financing institution.

10. Effective date

These directives shall enter into force as of _____/2014

Annexes

Annex -I

Key performance indicators to monitor the performance of senior management should at least include:-

1. The **bank's/insurer's/microfinance institution's** record of compliance with laws, regulations and board approved policies;
2. Internal audit, external audit, risk management findings, recommendations and rectifications;
3. Risk profile of the **bank's/insurer's/microfinance institution's** against risk tolerance limits;
4. Timely execution of regulatory and supervisory concerns raised by the National Bank;
5. The timeliness, quality, and accuracy of management's recommendations and reports; and
6. Key business and financial performance indicators such as actual versus projected performance, trend performance, peer group comparisons and ratios.

Annex-II

The code of conduct to be established shall at least duly reflect:-

1. compliance with corporate values and policies of the **bank/insurer/microfinance institution** and all relevant laws and regulations;
2. importance of evaluating problems in time and be oriented to preventing illegal and unethical actions such as bribery and corruption inside and outside the **bank/insurer/microfinance institutions**;
3. duty of care to the **bank/insurer/microfinance institution**; duty of care refers to duty of directors and senior managements to act on an informed and prudent basis in decisions with respect to the company;
4. duty of loyalty to the **bank/insurer/microfinance institution**; duty of loyalty refers to duty of the board and senior management to act in the interest of the company. Duty of loyalty should prevent individual directors and senior management from acting in their own interest, or the interest of another individual or group, at the expense of the company;
5. disallows behaviors that could result in the **bank/insurer/microfinance institution** in any improper or illegal activities, such as money laundering, fraud, bribery or corruption. It should also discourage excessive risk taking activities and self-dealing and acceptance of gifts or favors;
6. duties to avoid conflict of interest situations. Directors and senior management should not directly or indirectly engage in any action, transaction and business activities that competes

or conflicts with the interest of the **bank/insurer/microfinance institution**. If a conflict of interest arises or may arise, this is to be disclosed by an employee to the line manager, so that it can be dealt appropriately;

7. **duty to use position, information and assets properly.** Directors and senior management should not use their position, information acquired by virtue of position they hold, to obtain an advantage for themselves or someone else. Directors and senior management should not misuse **bank's/insurer's/microfinance institution's** assets rather in accordance with the terms on which they are provided;
8. confidentiality of **bank's/insurer's/microfinance institution's** and third party information; confidential information received by a director and a senior manager in the course of the exercise of their duties remains the property of the **bank/insurer/microfinance institution** and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorized by responsible organ of the **bank/insurer/microfinance institution**. Director and senior managements should maintain the appropriate level of confidentiality at all times with respect to information or data pertaining to the **bank's/insurer's/microfinance institution's** customers, suppliers and employees;
9. act fairly and impartially. Directors and senior management should avoid bias, discrimination, caprice or self-interest; demonstrate respect for others by acting in a professional and courteous manner; and
10. act with honesty and integrity. Directors and senior management should be truthful and transparent in their dealings; use their power responsibly.

Annex -III

Terms of References of Board Sub-Committees

The board should at a minimum set-up the following sub-committees

1. AUDIT AND COMPLIANCE COMMITTEE

i. Objective

To provide independent oversight of the **bank's/insurer's/microfinance institution's** financial reporting and internal control system and ensuring checks and balances within the **bank/insurer/ microfinance institution**.

ii. Composition

The Audit and Compliance Committee shall comprise **at least three directors**. At least one member should have **accounting or auditing expertise or experience in the field of finance**.

iii. Roles and Responsibilities

The Audit and Compliance Committee should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The Audit and Compliance Committee should have full and unrestricted access to information and be able to obtain independent professional advice. Duties of Audit and Compliance Committee, among others, are as follows:

1. ensure fair and transparent reporting and prompt publication of the financial accounts;
2. oversee the functions of the Internal Audit Unit;
3. review the scope of the internal audit programme, internal audit findings and recommend actions to be taken by management;
4. appoint, set compensation, evaluate performance and decide on the transfer and dismissal of the Chief Internal Auditor;
5. review the effectiveness of internal controls and risk management processes;
6. recommend the appointment and the removal of external auditors;
7. assess objectivity, performance and independence of external auditor;
8. review the external auditor's management letter and response;
9. approve the provision of non-audit service by the external auditor;
10. ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the auditors;
11. regularly review the audit findings and ensuring that issues are being managed and rectified appropriately and in a timely manner;
12. review all related party transactions and keep the board informed of such transactions;
13. check compliance to the policies & rules of the company and proclamations, regulations, directives, guidelines of the National Bank and other relevant laws.

iv. Meeting

The committee should hold regular meetings, at least **once every quarter** and should report regularly to the full board.

2. RISK MANAGEMENT COMMITTEE

i. Objective

To oversee senior management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process is in place and functioning.

ii. Composition

The Risk Management Committee should comprise **at least three directors**.

iii. Roles and Responsibilities

The Risk Management Committee is responsible at least for:

1. reviewing and recommending risk management strategies, policies and risk tolerance limits for board's approval;
2. reviewing and assessing adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
3. ensuring infrastructure, resources and systems are in place for risk management;
4. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the **bank/insurance/MFI** risk taking activities; and
5. reviewing management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

iv. Meeting

The committee should hold regular meetings, at least **once every quarter** and should report regularly to the full board.

Annex-IV

The minimum required policies, procedure manuals, and guidelines for **a bank/an insurer/ a microfinance institution:**

1. credit (**bank and microfinance institution**),
2. human resource management (**all**),
3. investment (**all**),
4. domestic and foreign banking operation (**bank**),
5. liquidity management (**bank and microfinance institution**),
6. internal audit/control (**all**),
7. management information system/MIS (**all**),
8. planning and budgeting (**all**),
9. finance (**all**),
10. risk management (**all**),
11. fixed assets (**all**),
12. corporate governance (**all**),
13. detection and prevention of criminal activities (**all**),
14. outsourcing (**all**),
15. marketing, underwriting, claims, re-insurance (**Insurance**),
16. disclosure,
17. communication and
18. procurement (**all**).