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EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Central Bank of Sri Lanka Notices

FINANCE COMPANIES ACT, No. 78 OF 1988

AS AMENDED BY ACT, No. 23 OF 1991

THE Direction given by the Monetary Board of the Central Bank of Sri Lanka under Section 9 of the Finance Companies Act, No. 78 of 1988 as amended by Act, No. 23 of 1991.

NIVARD AJITH LESLIE CABRAAL,

Chairman

Monetary Board of the Central Bank of Sri Lanka.

Colombo,
1st January, 2010.

Finance Companies (Interest) Direction No. 1 of 2010

1. This Direction may be cited as the Finance Companies (Interest) Direction No.1 of 2010 and shall apply to every finance company registered in terms of section 2 of the Finance Companies Act, No. 78 of 1988 as amended by Act, No. 23 of 1991 and shall come into operation with immediate effect.

2. (a) The maximum annual rate of interest which may be paid by a finance company on a time deposit accepted or renewed during any quarter commencing after 1st January 2010, shall not exceed –

- (i) the weighted average yield applicable to 364-day Treasury Bills issued during the immediately preceding quarter increased by 4 percentage points, if such deposit carries a maturity period of 12 months or less ;
- (ii) the weighted average yield applicable to 364-day Treasury Bills issued during the immediately preceding quarter increased by 5 percentage points, if such deposit carries a maturity period of more than 12 months.

Provided however, that in the case where a time deposit is accepted from or renewed by a person who is over sixty (60) years of age at the time of making such deposit or renewal of such deposit (hereinafter referred to as a “Senior Citizen”), under (i) or (ii) of this paragraph, a finance company may pay an additional interest of one percentage point above the rates of interest as per (i) or (ii) of this paragraph .

(b) The maximum rate of discount which may be allowed by a finance company on the issue of a certificate of deposit, during any quarter commencing after 1st January 2010, of which the price is less than the redeemable value at maturity shall be such that the maximum annual yield on the instrument shall not exceed—

- (i) the weighted average yield applicable to 364-day Treasury Bills issued during the immediately preceding quarter increased by 4 percentage points if such certificate of deposit carries a period of maturity of 12 months or less ;
- (ii) the weighted average yield applicable to 364-day Treasury Bills issued during the immediately preceding quarter increased by 5 percentage points if such certificate of deposit carries a maturity period of more than 12 months.

3. The maximum annual rate of interest, which may be paid by a finance company on any savings deposit during any quarter commencing after 1st January 2010, shall not exceed the weighted average yield applicable on 91-day Treasury Bills issued during the immediately preceding quarter.

Provided however, that in the case where a savings deposit is maintained by a Senior Citizen, a finance company may pay an additional interest of one percentage point above the weighted average yield applicable on 91-day Treasury Bills issued during the immediately preceding quarter.

4. Every finance company shall furnish a statement to the Director containing the details of the rates of interest paid and discounts applied for certificates of deposit by such finance company in each month, on or before the 7th day of the following month.

5. In this Direction,

- (i) “time deposit” shall have the same meaning as in the Finance Companies (Deposits) Direction No. 1 of 2005 ; and
- (ii) “Director” means the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.

6. The Finance Companies (Interest) Direction No. 4 of 2009 is hereby revoked.

01-892/1

**FINANCE COMPANIES ACT, No. 78 OF 1988
AS AMENDED BY ACT, No. 23 OF 1991**

The Direction given by the Monetary Board of the Central Bank of Sri Lanka under Section 9 of the Finance Companies Act, No. 78 of 1988.

NIVARD AJITH LESLIE CABRAAL,
Chairman
Monetary Board of the Central Bank of Sri Lanka.

Colombo,
30th December, 2009.

Finance Companies (Reporting Requirements) Direction No. 5 of 2009

1. This Direction may be cited as the Finance Companies (Reporting Requirements) Direction No. 5 of 2009 and shall apply to every finance company registered in terms of Section 2 of the Finance Companies Act, No. 78 of 1988 as amended by Act, No. 23 of 1991 and shall come into operation with immediate effect.

2. Every finance company shall submit information to the Director according to the formats provided under the Central Bank Financial Information System, by the due dates specified hereunder, in respect of each periodic return.

Return	Periodicity	Due Date
NBD-WF-15-LA (Liquid Assets)	Weekly	First Working Day following the end of the respective week (Monday to Friday)
NBD-WF-16-DL (Deposit Liability)	Weekly	First Working Day following the end of the respective week (Monday to Friday)
NBD-WF-17-AD (Advances)	Weekly	First Working Day following the end of the respective week (Monday to Friday)
NBD-MF-01-BS (Balance Sheet)	Monthly	By the 7 th of the following month
NBD-MF-02-PL (Profit & Loss)	Monthly	By the 7 th of the following month
NBD-MF-04-LA (Liquid Assets)	Monthly	By the 7 th of the following month
Rate of Interest	Monthly	By the 7 th of the following month
NBD-MF-03-CA (Classification of Advances)	Monthly	By the 15 th of the following month
NBD-MF-07-SL (Secured Large Exposure)	Monthly	By the 15 th of the following month
NBD-MF-07-UL (Unsecured Large Exposure)	Monthly	By the 15 th of the following month
NBD-MF-08-AR (Advances to Related Parties)	Monthly	By the 15 th of the following month
NBD-MF-09-IE (Investments in Equity)	Monthly	By the 15 th of the following month
NBD-MF-10-GA (Maturity Gap Analysis)	Monthly	By the 15 th of the following month
NBD-MF-11-IS (Interest Rate Sensitivity)	Monthly	By the 15 th of the following month
NBD-MF-12-C1(C1) (Capital Adequacy Ratio)	Monthly	By the 15 th of the following month

Return	Periodicity	Due Date
NBD-MF-12-C2 (C2) (Capital Adequacy Ratio)	Monthly	By the 15 th of the following month
NBD-MF-12-C3 (C3) (Capital Adequacy Ratio)	Monthly	By the 15 th of the following month
NBD-MF-12-C4 (C4) (Capital Adequacy Ratio)	Monthly	By the 15 th of the following month
NBD-MF-13-SC (Sector wise Credit Exposure)	Monthly	By the 15 th of the following month
NBD-MF-14-IS (Interest Spread)	Monthly	By the 15 th of the following month
Balance Sheet - Audited	Annually	As required by the Act, (Currently, within six months from the end of each financial year)
Profit & Loss Account - Audited	Annually	As required by the Act, (Currently, within six months from the end of each financial year)
Capital Adequacy Ratio - Audited	Annually	By the deadline specified by the Act to submit audited balance sheet. (Currently within six months from the end of each financial year)

3. Paragraphs 3 and 7 of the Finance Companies (Liquid Assets) Direction No. 1 of 2009, Paragraphs 4(i) and 4(ii) of the Finance Companies (Risk Weighted Capital Adequacy Ratio) Direction No. 2 of 2006, Paragraphs 5(i), 5(ii) and 5(iii) of the Finance Companies (Provision for Bad and Doubtful Debts) Direction No. 3 of 2006, and Paragraph 4 of the Finance Companies (Interest) Direction No. 4 of 2009 are hereby repealed. Other reporting requirements imposed under the Act and Directions issued thereunder shall remain unchanged.

4. In the event of non-submission of any periodic return by the due date, the Chief Executive Officer of the respective finance company shall give an explanation to the Director, within 7 days from the due date.

5. In the event of non-submission of two or more returns relating to a reporting period or any return for two consecutive periods by due dates, the Board of Directors of such finance company shall give an explanation to the Director to be reported to the Monetary Board.

6. In publishing the list of finance companies in the mass media by the Central Bank of Sri Lanka, finance companies shall be classified according to their status of compliance with the Directions issued and Rules made under the Finance Companies Act, No. 78 of 1988.

7. The approval for opening of new branches/offices and for new business products/services shall not be granted for a finance company which is non-compliant with the Directions and/or Rules made under the Act.

8. For the purpose of this Direction—

- (a) “Act” means the Finance Companies Act, No. 78 of 1988.
- (b) “Director” means the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.
- (c) “Central Bank Financial Information System” means the web-base data transmission system provided by the Central Bank for financial institutions supervised by it for the purpose of submitting financial information.
- (d) “Week” means a week beginning Monday.

01-892/2