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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1817/65 - 2013 ජූලි මස 05 වැනි සිකුරාදා - 2013.07.05

No. 1817/65 - FRIDAY, JULY 05, 2013

(Published by Authority)

PART I : SECTION (I) — GENERAL

Central Bank of Sri Lanka Notices

FINANCE BUSINESS ACT, No. 42 OF 2011

DIRECTION made by the Monetary Board of the Central Bank of Sri Lanka under Section 12 of the Finance Business Act, No. 42 of 2011.

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

Colombo,
07th June 2013.

Finance Companies (Structural Changes) Direction No. 01 of 2013

1. This Direction may be cited as the Finance Companies (Structural Changes) Direction No. 01 of 2013 and shall apply to every finance company licensed in terms of the Finance Business Act, No. 42 of 2011 and shall come into operation from the date of this Direction. Citation.

2. No finance company to which a licence has been issued shall, without the prior approval in writing of the Monetary Board of the Central Bank of Sri Lanka :-

Structural Changes which require approval of the Monetary Board of the Central Bank of Sri Lanka.

- 2.1 Form any subsidiary, subsidiary or associate of a subsidiary or associate company ;
- 2.2 Sell whole or part of its business ;
- 2.3 Commence a new business activity which is not directly related to finance business, hire purchase, leasing or pawning ;
- 2.4 Acquire whole or part of the business of any institution or company ;
- 2.5 Amalgamate, consolidate or merge with any institution or company ;
- 2.6 Change the name of the company ;
- 2.7 Restructure the management of the company.



Structural Changes which require approval of the Director.	<p>3. No finance company to which a licence has been issued shall, without the prior approval in writing of the Director :-</p> <p>3.1 Outsource any of its functions other than Mail, Courier services, Catering services, Housekeeping and Janitorial services, Security of premises, Payroll and Secretarial functions ;</p> <p>3.2 Enhance or reduce its share capital ;</p> <p>3.3 Enhance its investment in share capital of a subsidiary or an associate company ;</p> <p>3.4 Sell whole or part of the business of a subsidiary or an associate company ;</p> <p>3.5 Change its Articles of Association ;</p> <p>3.6 Transfer or sell any of its assets of a book value of more than Rupees Five Million (Rs. 5,000,000), at a price less than the prevailing market value ;</p> <p>3.7 Change the designation of any member of the Board of Directors and Chief Executive Officer.</p>
Limitation on transfer/sale of assets.	4. No finance company shall transfer or sell any of its assets for any consideration other than for a monetary consideration which should pass in favour of the transfer.
Resignations of any member of the Board of Directors and Chief Executive Officers.	5. No member of the Board of Directors and Chief Executive Officer shall without the prior approval of the Director, resign from the company.
Definition.	<p>6. In this Direction,</p> <p>6.1 “Finance business”, “Subsidiary company” and “Associate company” shall have the same meaning as contained in the definition in Section 74 of the Finance Business Act, No. 42 of 2011 ;</p> <p>6.2 “Prevailing market value” shall mean the estimated price determined by a licensed valuer for which an asset should exchange between a willing buyer and a willing seller in an arm’s length transaction ;</p> <p>6.3 “Director” means, the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.</p>
Revocation of Directions.	7. The Finance Companies (Structural Changes) Direction No. 5 of 2005 and the Finance Companies (Transfer of Assets) Direction No. 4 of 1991 are hereby revoked.