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EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Central Bank of Sri Lanka Notices

FINANCE BUSINESS ACT, No. 42 OF 2011

DIRECTION issued 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.
28th December, 2012,

Finance Companies (Interest Rates) Direction No. 6 of 2012

1. This direction may be cited as the Finance Companies (Interest Rates) Direction No. 6 of 2012 and shall apply to every finance company licensed in terms of the Finance Business Act, No. 42 of 2011. Citation
2. 2.1 The annual rate of interest which may be paid by a finance company on a time deposit accepted or renewed after 1st January, 2013 shall not exceed the maximum upper limit of interest rates set out below :— Maximum interest rate for a time deposit.

<i>Time deposit maturity period</i>	<i>Maximum upper limit of interest rates</i>	
One year or less	The quarterly weighted average yeild rate of 364-day Treasury Bills issued during the quarter ended 31st December 2012 (thereafter quarterly weighted average yield rates as announced by Director)	plus 2.00 percentage points
Over one year - 3 years		plus 2.50 percentage points
Over 3 years - 5 years		plus 3.00 percentage points

Maximum rate
of discount for a
non-transferable
certificate of
deposit

2.2 In the case where a time deposit is accepted from or renewed by a person who is over fifty five (55) years of age at the time of making such deposit or renewal of such deposit (hereinafter referred to as a "Senior Citizen"), a finance company may pay an additional interest not exceeding one percentage point above the maximum upper limit of interest rates as per paragraph (2.1)

3. The rate of discount which may be allowed by a finance company on the issue of a non-transferable certificate of deposit after 1st January 2013, of which the price is less than the redeemable value at maturity shall not exceed the maximum annual yield on the instrument set out below :-

<i>Non-transferable certificate of deposit maturity period</i>	<i>Maximum annual yield</i>	
One year or less	The quarterly weighted average yield rate of 364-day Treasury Bills issued during the quarter ended 31st December 2012 (thereafter quarterly weighted average yield rates as announced by Director)	plus 2.00 percentage points
Over one year - 3 years		plus 2.50 percentage points
Over 3 years - 5 years		plus 3.00 percentage points

Maximum
interest rate for
a saving deposit

4. 4.1 The maximum annual interest rate, which may be paid by a finance company on any savings deposit, shall not exceed the weighted average yield rate of 91-day Treasury Bills issued during the quarter ended 31st December 2012 (thereafter quarterly weighted average yield rates as announced by Director).

4.2 In the case where a savings deposit is maintained by a Senior Citizen, a finance company may pay an additional interest not exceeding one percentage point above the maximum upper limit of interest rates as per paragraph (4.1)

Quarterly
weighted average
yield rate

5. Director shall announce the quarterly weighted average yield rate of 91 day and 364-day Treasury Bills applicable for each quarter ending 31st March, 30th June, 30th September and 31st December.

Reporting

6. Every finance company shall furnish details of the rates of interest paid and discounts applied for non-transferable certificates of deposit by such finance company in each month, on or before the 7th day of the following month.

Definition.

7. In this Direction,

7.1 "Time deposit" means any deposit accepted by a finance company with an agreement to repay after a specified period of time ; and

7.2 "Director" means the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka;

Revocation.
02-677

8. The Finance Companies (Interest rates) Direction, No. 5 of 2012 dated 28.09.2012 is hereby revoked.