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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Central Bank of Sri Lanka Notices

FINANCE BUSINESS ACT, No. 42 OF 2011

The 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.
29th June 2012

Finance Companies (Interest Rates) Direction No. 3 of 2012

1. This direction may be cited as the Finance Companies (Interest Rates) Direction No.3 of 2012 and shall apply to every finance company licensed in terms of the Finance Business Act, No. 42 of 2011. Citation
2. The Maximum Annual rate of Interest which may be paid by a finance company on a time deposit accepted or renewed after 1st July 2012, shall not exceed :— Maximum interest rate.
 - 2.1 The weighted average yield applicable to 364-day Treasury Bills issued during the quarter ended 30th June 2012 (thereafter quarterly weighted average yield rates as announced by Director) plus 3.00 percentage points, if such deposit carries a maturity period of 12 months or less ;
 - 2.2 The weighted average yield applicable to 364-day Treasury Bills issued during the quarter ended 30 th June 2012 (thereafter quarterly weighted average yield rates as announced by Director) plus 4.00 percentage points, if such deposit carries a maturity period of more than 12 months.
 - 2.3 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 rates of interest as per paragraph (2.1) or (2.2).

3. The maximum rate of discount which may be allowed by a finance company on the issue of a non - transferable certificate of deposit after 1st July 2012, 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 :-
 - 3.1 The weighted average yield applicable to 364-day Treasury Bills issued during the quarter ended 30 th June 2012 (thereafter quarterly weighted average yield rates as announced by Director) plus 3.00 percentage points if such non - transferable Certificate of deposit carries a period of maturity of 12 months or less ;
 - 3.2 The weighted average yield applicable to 364-day Treasury Bills issued during the quarter ended 30 th June 2012 (thereafter quarterly weighted average yield rates as announced by Director) plus 4.00 percentage points if such non - transferable Certificate of deposit carries a maturity period of more than 12 months.
4. The maximum annual rate of interest, which may be paid by a finance company on any savings deposit, shall not exceed the weighted average yield applicable on 91-day Treasury Bills issued during the quarter ended 30 th June 2012 (thereafter quarterly weighted average yield rates as announced by Director).
5. Provided however, that 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 weighted average yield applicable on 91-day Treasury Bills issued during the quarter ended 30 th June 2012 (thereafter quarterly weighted average yield rates as announced by Director).
- Reporting. 6. Every finance company shall furnish a statement to the Director containing the 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.
 - 7.3 Quarterly weighted average yield rates of 91-day and 364-day Treasury Bills will be issued by the Director for each quarter ending 31st March, 30th June, 30th September and 31st December.
- Revocation. 8. The Finance Companies (Interest Rates) Direction, No. 2 of 2012 dated 29.05.2012 is hereby revoked.