**INTERNAL OFFICE MEMORANDUM**

**FROM: - CEO/ EXECUTIVE DIRECTOR**

**To HEAD AND / OR MANAGER OF HUMAN RESOURCES**

**Subject APPOINTMENT OF KEY MANAGEMENT PERSONNEL (KMP)**

**Copy**  Head of Compliance / Senior Manager Legal / Internal Audit

**DATE**: - March 26,2021

1. **RECRUTEMENT OF KEY MANAGEMENT PERSONNEL OR PRMOTIONS TO THE SAID GRADES.**

You are required to ensure that the following requirements of the Central Bank of Sri Lanka (CBSL) are followed at every stage involved in recruiting an officer to perform key executive functions or in promoting an existing staff member to the said category. (KMP). All appointments or promotions of KMPs should have the **prior approval of the Board of Directors** having satisfied the requirements of CBSL

**THE FOLLOWING REQUIREMENTS ARE BASED ON THE DIRECTION NO 3 OF 2011 & DIRECTION NO 3 OF 2008 OF THE CENTRAL BANK OF SRI LANKA FOR THE APPOINTMENT OF KMPs**

1.No person shall be appointed as an officer performing executive functions (hereinafter referred as “officer”) in such company unless that person is a fit and proper person to hold office as an officer in terms of the requirements given below.

2.1 Accordingly, the Director Department of Supervision of Non- Bank Financial institutions (herein after referred as Director) will consider the following criteria for assessing of the fitness and propriety of a person before granting approval for the appointment such KMP.

(a) that such person possesses academic or professional qualifications or effective experience in banking, finance, business or administration or of any other relevant discipline;

(b) that such person is not being subjected to an investigation or inquiry involving fraud, deceit, dishonesty or other similar criminal activity, conducted by the police, any regulatory or supervisory authority, professional association, Commission of Inquiry, tribunal or other body established by law, in Sri Lanka or abroad;

(c) that such person is not found by any court of law, regulatory or supervisory authority, professional association, Commission of Inquiry, tribunal or any other body established by law in Sri Lanka or abroad, to the effect that such person has committed or has been connected with the commission of, any act which involves fraud, deceit, dishonesty, improper conduct or non-compliances with provisions of any Statute or rules, regulations, directions or determinations.

(d) that such person has not been convicted by any Court in Sri Lanka or abroad in respect of an offence involving fraud, deceit, dishonesty or similar criminal activity;

(e) that such person has not been declared insolvent or declared bankrupt in Sri Lanka or abroad;

(f) that such person has not failed to satisfy any judgment or order of any Court whether in Sri Lanka or abroad, or to repay a debt

(g) that such person has not been declared by a Court of competent jurisdiction in sri lanka or abroad to be of unsound mind

(h) that such person has not been removed or suspended by a regulatory or supervisory authority from serving as a director, chief executive officer or other officer or an employee in any bank, finance company or a corporate body in Sri Lanka or abroad;

(i) that such person has not been a director, chief executive officer or held any other position of authority in any bank, finance company or financial institution:

(i) whose license or business has been cancelled or suspended on grounds of regulatory concerns

(ii) which has been wounded up or is being wound up or which is being compulsorily liquidated; whether in Sri Lanka or abroad.

3.1 Each finance company shall obtain from respective officer selected for appointment an affidavit and declaration as in Annex I and II, respectively, and submit to the Director. (**This function will be attended to by the Senior Manager Legal in consultation with the Human Resource Department)**

3.2 In addition to 3.1, a letter from the institution/company in which such officer held office immediately preceding the appointment **regarding the level of performance of duties assigned to him/her in the particular institution shall be submitted to CBSL with documents relating to 3.1 above)**

4.1 The Director may, having regard to the matters specified above, **approve or refuse to approve the appointment** or continuation as the case may be as an officer of a finance company.

4.2 The Director shall notify the finance company of such approval or refusal giving reasons therefor and its hall be the duty of the finance company to communicate such notification to the officer concerned and implement same.

5. Where the Director, having regard to the matters specified above, is satisfied at any time that a person appointed or continued is not fit and proper as an officer for continuation, may determine that the person is not fit and proper to be an officer of a finance company and the Direction 4.2 above shall be applicable thereafter.

6.1 Every finance company shall notify the Director of any reasonable suspicions or findings to the effect that any officer is not a fit and proper person to hold office in the respective finance company within fourteen days of it being aware of such suspicion or findings.

6.2 If circumstances vary, change, render invalid, make inapplicable or falsify the information contained in an affidavit or declaration submitted by an officer, such person shall, within fourteen days, notify the Director.

Officers performing executive functions in a finance company are as follows:

1. Chief Executive Officer/General Manager
2. Additional General Manager
3. Senior Deputy General Manager.
4. Deputy General Manager.
5. Assistant General Manager
6. Chief Operating Officer
7. Chief Risk Officer.
8. Chief Accountant
9. Chief Financial Officer
10. Chief Internal Auditor.
11. Compliance Officer
12. Head of Treasury
13. Head of Legal
14. Head of Information Technology
15. Company Secretary
16. Officers serving as consultants or advisors to the board of directors of the finance company
17. Officers involving in decisions on credit, assets and marketing of products of the respective finance company
18. Any other officer within the meaning of “key management personnel” as stated in the Finance Companies (Corporate Governance) Direction, No. 3 of 2008.
19. **PERSONAL FILES**
20. You should also ensure that the originals of all certificates, undertakings, Character Certificates and testimonials etc., are placed in the personal file of all employee with a Police Report, irrespective of their Grade
21. In the need arises to accept a photo copy of a required document for reasons acceptable to you, you should verify such documents against the original document and record on the copy document “**Verified with the original document produced’’** and place your signature and date below the said certification. (This certification should be made by either the Head of Human Resources or Manager Human Resource only)
22. You should examine the personal files of all existing staff members and ensure compliance with the conditions B & C above before **30th. April 2021**

**You are required to ensure strict compliance with the above requirements as appropriate.**

**Signed**

**CEO/ Executive Director**