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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.

SUNIL MENDIS,  
Chairman,  
Monetary Board of the  
Central Bank of Sri Lanka.

Colombo, on this 31st day of January, 2005.

1. This Direction may be cited as the Finance Companies (Deposits) Direction No. 1 of 2005 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 finance company shall not accept any deposit repayable on demand or any time deposit repayable after a period of less than one month from the date of receipt of such deposit or more than sixty months from the date of receipt of such deposit, and shall not renew any time deposit received by it, unless such deposit so renewed is repayable not earlier than one month and not later than sixty months from the date of such renewal. However, a finance company may accept savings deposits subject to the provisions of this Direction, Finance Companies (Deposits — Incentive Schemes) Direction No. 5 of 2001, Finance Companies (Capital Funds) Direction No. 1 of 2003, Finance Companies (Interest) Direction No. 2 of 2005, Finance Companies (Liquid Assets) Direction No. 3 of 2005 and Finance Companies (Advertising) Rule No. 1 of 2001.

3. (i) Every finance company shall furnish to every depositor a certificate in respect of each and every time deposit received which for all purposes shall be deemed to be an acknowledgement of acceptance of a certain sum of money by the finance company. In the case of renewal of a time deposit a renewal notice shall be issued to the depositor concerned.

(ii) Every such certificate or renewal notice shall be signed by two officers who are authorized by the Board of

Directors of the finance company for the purpose of accepting/renewing deposits and issuing of such acknowledgement / renewal notice indicating clearly the following information :-

- (a) Registered name and address of the finance company ;
- (b) Date of deposit/renewal of deposit;
- (c) Name of depositor, national identity card number or passport number and the address of the depositor ;
- (d) Amount of money received by the finance company by way of deposit or renewal of deposit in words and figures;
- (e) The annual rate of interest payable and the basis of payment (monthly or at maturity);
- (f) Date on which the deposit is repayable ;
- (g) Names of officers who sign the acknowledgement/renewal notice ;
- (h) Serial number of the certificate ;
- (i) Account number of the deposit.

4. Every finance company shall maintain a record of the following particulars in respect of each time deposit :—

- (a) Account number ;
- (b) Name, address and national identity card number or passport number of each depositor ;
- (c) Principal amount of such deposit ;
- (d) Date of deposit/date of renewal ;
- (e) Duration and the maturity date of each deposit ;
- (f) Rate of interest and the basis of payment of interest (monthly or at maturity) ;
- (g) The amount of accrued interest (if any) ;
- (h) Date and amount of each payment (principal or interest) ;
- (i) Serial number of the certificate.

5. Every finance company upon acceptance of savings deposits shall issue to a depositor, a document containing the terms governing the operations of savings accounts in all three languages and a pass book or such other document acceptable to the Director for recording the operations of the account including the following particulars :-

- (a) Registered name and address of the finance company ;
- (b) Name of the branch ;
- (c) Name, date of birth, national identity card number and the address of the account holder ; and
- (d) Account number.

6. Every finance company shall maintain a record of the following particulars in respect of each savings account :—

- (a) Name, date of birth, national identity card number and the address of the account holder ;
- (b) Account number ;
- (c) Date, amount and description of every credit or debit made to the savings account ; and
- (d) Outstanding balance at any particular time.

7. Every finance company shall submit to the Director a statement, within three months after the end of every financial year, giving the following particulars, as at the end of such financial year, in respect of every time deposit which has not been repaid/renewed by the finance company after the date on which the deposit became due for repayment or renewal as the case may be :—

- (a) Name and address of the depositor ;
- (b) Amount of the deposit ;
- (c) Amount of the accrued interest ;
- (d) Last date on which any written correspondence was received by the company from the depositor or his/her lawful representative; and
- (e) Action taken or proposed to be taken by the finance company for the repayment of the amount of the deposit and its accrued interest.

8. Every finance company shall submit to the Director a statement, within three months after the end of every financial year, giving the following particulars, as at the end of such financial year, on every savings account in respect of which there has been no deposit or withdrawal for 5 years or more :—

- (a) Name and address of the account holder ;
- (b) Amount outstanding including accumulated interest as at the end of the immediately preceding financial year;
- (c) Last date on which any written communication was received from the depositor or his/her lawful representative ; and
- (e) Action taken or proposed to be taken by the finance company to repay the amount outstanding on the account.

9. A finance company shall not accept any funds to the credit of a savings account unless it is in the form of cash or any acceptable money transfer document such as a cheque issued in favour of the account holder.

10. In this Direction :—

- (i) “time deposit” means any deposit accepted by a finance company with an agreement to repay after a specified period of time ;
- (ii) “Director” means the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka ;
- (iii) “Board of Directors” means the Board of Directors of the company, other than any directors appointed by the Monetary Board of the Central Bank of Sri Lanka.

11. The Finance Companies ( Deposits) Direction No. 1 of 2002 is hereby revoked.

02-449/1

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**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.

SUNIL MENDIS,  
Chairman,  
Monetary Board of the  
Central Bank of Sri Lanka.

Colombo, on this 31st day of January, 2005.

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I කොටස : (I) පෙළය - ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ අති විශේෂ ගැසට් පත්‍රය - 2005.02.01

PART I : SEC. (I) - GAZETTE EXTRAORDINARY OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA - 01.02.2005

1. This Direction may be cited as the Finance Companies (Interest) Direction No. 2 of 2005 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 any finance company on a time deposit accepted or renewed during any quarter shall not exceed :-

- (i) the weighted average yield applicable to 364-day Treasury Bills issued during the immediately preceding quarter increased by 3 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 6 percentage points if such deposit carries a maturity period of more than 12 months.

(b) The maximum rate of discount which may be allowed by a finance company on the sale, during any quarter, of a bond or other instrument 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 3 percentage points if such bond or instrument 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 6 percentage points if such bond or instrument 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 shall not exceed the weighted average yield applicable to 90-day Treasury Bills issued during the immediately preceding quarter ;

4. In this Direction, "time deposit" shall have the same meaning as in Finance Companies (Deposits) Direction No. 1 of 2005.

5. The Finance Companies (Interest) Direction No. 6 of 2001 is hereby revoked.

02-449/2

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**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.

SUNIL MENDIS,  
Chairman,  
Monetary Board of the  
Central Bank of Sri Lanka.

Colombo, on this 31st day of January, 2005.

1. This Direction may be cited as the Finance Companies (Liquid Assets) Direction No. 3 of 2005 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 maintain a minimum holding of liquid assets as defined in Section 46 of the Finance Companies Act No. 78 of 1988 as amended by Act No. 23 of 1991 which shall not, at the close of the business on any day, be less than the total of ;

(i) Fifteen percent of—

- (a) the outstanding value of the time deposits received by the finance company at the close of the business on such day; and
- (b) the face value of certificates of deposit issued by the finance company; as appearing on the books of the finance company at the close of the business on such day; and

(ii) Twenty percent of the outstanding value of savings deposits accepted by such company, at the close of the business on such day.

3. Every finance company shall furnish monthly to the Director a statement certifying the total deposit liabilities and liquid assets as at the close of business on the last working day of each week of that month on a format to be prescribed by the Director. If the last working day of the month does not coincide with the last working day of the last week of such month, it should be made to the last working day of the month. Such statement shall be forwarded to the Director on or before the fifteenth day of the following month.

4. Every finance company shall at all times maintain assets in the form of Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and Central Bank of Sri Lanka Securities equivalent to ten (10) percent of the average of its month end total deposit liabilities of the twelve months of the preceding financial year.

5. The Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and Central Bank of Sri Lanka Securities referred to in paragraph 4 above will constitute a part of liquid assets referred to in paragraph 2 above.

6. Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and Central Bank of Sri Lanka Securities held by a finance company in compliance with the provisions of paragraph 4 above shall be kept in the custody of one or more licensed commercial banks or one or more primary dealer companies. Every finance company shall submit to the Director a weekly statement obtained from such bank/banks or primary dealer company/companies giving particulars of such Bills/ Securities in a format to be prescribed by the Director.

7. Every finance company shall furnish to the Director a statement showing its month end total deposit liabilities during the twelve months of the preceding financial year on or before the fifteenth (15) day of the month following the end of such financial year.

8. In this Direction,

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

(iv) "Licensed Commercial Bank" means a Licensed Commercial Bank within the meaning of Banking Act No. 30 of 1988 ;

(v) "Primary Dealer Company" means a Primary Dealer Company within the meaning of Local Treasury Bills Ordinance (Primary Dealers) Regulation No. 1 of 2002 made under Section 16 of the Local Treasury Bills Ordinance (Chapter 420) as last amended by Act No. 31 of 1995 and registered Stock and Securities Ordinance (Primary Dealers) Regulation No. 1 of 2002 made under section 55 of the Registered Stock and Securities Ordinance (Chapter 420) as last amended by Act No. 32 of 1995.

9. Finance Companies (Liquid Assets) Direction No. 7 of 1991 as amended by Finance Companies (Liquid Assets) (Amendment) Direction No. 4 of 2001 is hereby revoked.

02-449/3

#### **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.

SUNIL MENDIS,  
Chairman,  
Monetary Board of the  
Central Bank of Sri Lanka.

Colombo, on this 31st day of January, 2005.

1. This Direction may be cited as Finance Companies (Closure of Office/s for Business) Direction No. 4 of 2005 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. No finance company shall close its office/s for business on any day of the week from Monday to Friday, which is not a holiday declared by the Ceylon Chamber of Commerce, without the prior approval in writing of the Director.

3. In granting approval required under 2 above, the Director may impose conditions as he/she may deem necessary.

4. In this Direction, "Director" means the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.

5. The Finance Companies (Closure of Business) Direction No. 14 of 1991 is hereby revoked.

02-449/4