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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 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.

NIVARD AJITH LESLIE CABRAAL,

Chairman,

Monetary Board of the Central Bank of Sri Lanka.

Colombo,
30 September, 2009.

FINANCE COMPANIES (INTEREST) DIRECTION No. 4 OF 2009

1. This Direction may be cited as the Finance Companies (Interest) Direction No. 4 of 2009 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 effect from 01 October 2009.
- 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 3.5 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 5.5 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 3.5 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 5.5 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 on 91-day Treasury Bills issued during the immediately preceding quarter.
- 4. Every finance company shall furnish a statement to the Director containing the details of the rates of interest paid by such finance company in each month, in a format given by the Director, before the 15th day of the following month.
- 5. In this Direction,—
 - (i) "time deposit" shall have the same meaning as in the Finance Companies (Deposits) Direction No. 1 of 2005 ; and
 - (ii) "Director" means the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.
- 6. The Finance Companies (Interest) Direction No. 2 of 2009 is hereby revoked.

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