

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රය

අති විශේෂ

The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1831/9 - 2013 ඔක්තෝබර් මස 08 වැනි අඟහරුවාදා - 2013.10.08

No. 1831/9 - TUESDAY, OCTOBER 08, 2013

(Published by Authority)

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,
26th July 2013.

Finance Companies (Liquid Assets) Direction No. 04 of 2013

1. This Direction may be cited as the Finance Companies (Liquid Assets) Direction No. 04 of 2013 and shall apply to every finance company licensed in terms of the Finance Business Act, No. 42 of 2011, and shall come into operation with effect from the date of this Direction.

Citation.

2. Every finance company shall maintain a minimum holding of liquid assets as defined in Section 74 of the Finance Business Act, No. 42 of 2011 which shall not, at the close of the business on any day, be less than the total of :

Liquid assets
requirement for
time deposits,
savings deposits
and non-
transferable
certificates of
deposits.

(i) Ten (10) per cent of :-

(a) The outstanding value of the time deposits received by the finance company and accrued interest payable at the close of the business on such day ; and

(b) The face value of non-transferable certificates of deposit issued by the finance company and accrued interest payable at the close of the business on such day ; and

(ii) Fifteen (15) per cent of the outstanding value of savings deposits accepted by such company and accrued interest payable at the close of the business on such day.

3. In addition to the requirement in Section (2), every finance company shall maintain a minimum holding of liquid assets as defined in Section 74 of the Finance Business Act, No. 42 of 2011 which shall not, at the close of the business on any day, be less than five (5) per cent of the total outstanding

Liquid assets
requirement for
borrowings.



borrowings and any other payable that may be determined by the Director excluding borrowings that are included in the capital funds of the finance company and borrowings which are secured by the mortgage of any asset of the company provided that the total value of such borrowing shall not exceed the market value of the asset, with effect from 01.01.2014 and not less than ten (10) per cent with effect from 01.07.2014.

Sri Lanka
Government
Treasury Bills,
Sri Lanka
Government
Securities and the
Central Bank of
Sri Lanka
Securities
requirement.

4. 4. 1 Every finance company shall at all times maintain assets in the form of Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and the Central Bank of Sri Lanka Securities equivalent to seven and a half (7.5) per cent of the average of its month end total deposit liabilities and borrowings of the twelve months of the preceding financial year. Such holdings of the Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and the Central Bank of Sri Lanka Securities should not be considered for computation of Investment Fund Account utilization.
- 4.2 The Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and the Central Bank of Sri Lanka Securities referred to in Section 2 and 3 above will constitute a part of liquid assets referred to in paragraph 4.1 above.
- 4.3 The Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and the Central Bank of Sri Lanka Securities held by a finance company in compliance with the provisions of paragraph 4.1 above shall be kept in the custody of one or more licensed Commercial Banks or one or more primary dealer companies.

Reporting.

5. Every finance company shall report the liquid assets to the Director through the Web based Reporting System on or before the seventh (7) day of the following month.

Definitions.

6. In this Direction :-

- (i) "Time deposit" shall have the same meaning as in Finance Companies (Deposits) Direction ;
- (ii) "Total deposit liabilities" consist of outstanding value of the time deposits, outstanding face value of non-transferable certificates of deposit and outstanding value of 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) "Borrowings" shall mean, funds obtained by way of loans/overdrafts, amounts due to related companies, or issuance of redeemable and cumulative preference shares, securitizations, bonds, debentures, promissory notes, commercial paper, any other dues and any other form of borrowings as may be determined by the Director ;
- (v) "Licensed Commercial Bank" means, a Licensed Commercial Bank within the meaning of Banking Act, No. 30 of 1988 ;
- (vi) "Primary Dealer Company" means, a Primary Dealer Company within the meaning of Local Treasury Bills Ordinance (Primary Dealers) Regulations 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.

Revocation.

7. Finance Companies (Liquid Assets) Direction No. 1 of 2009 is hereby revoked.