

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රය

අති විශේෂ

The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1677/33 - 2010 ඔක්තෝබර් 29 වැනි සිකුරාදා - 2010.10.29

No. 1677/33 - FRIDAY OCTOBER 29, 2010

(Published by Authority)

PART I : SECTION (I) – GENERAL

Central Bank of Sri Lanka Notices

FINANCE COMPANIES (INSURANCE OF DEPOSIT LIABILITIES) DIRECTION, No. 2 OF 2010

DIRECTIONS issued by the Monetary Board under section 27 of the Finance Companies Act, No. 78 of 1988, as amended.

NIVARD AJITH LESLIE CABRAAL,
Chairman of the Monetary Board/
Governor of the Central Bank of Sri Lanka.

Central Bank of Sri Lanka,
Colombo,
27th September, 2010.

Directions

In the exercise of the powers conferred by section 27 of the Finance Companies Act, No. 78 of 1988, as amended, the Monetary Board hereby issues these Directions to Registered Finance Companies to be effective from 01st October, 2010.

1. *Citation :*

1.1 These Directions shall be cited as the Finance Companies (Insurance of Deposit Liabilities) Direction, No. 2 of 2010.

2. *Enabling Statutory Provisions :*

2.1 Under section 27 of the Finance Companies Act, the Central Bank of Sri Lanka may establish, maintain, manage and control a scheme for the insurance of deposits held by finance companies registered under the Act or require such companies to insure such deposits under any scheme established by any institution as is specified by the Monetary Board.

3. *The Objective of Directions :*

3.1 In terms of statutory provisions and best practices in finance business, accepting deposits is a core business that requires effective risk management measures as it critically depends on the public confidence in Registered Finance Companies. As such, insurance of deposits is a well-accepted safety net measure that will protect and promote the public confidence and stability of Registered Finance Companies.

4. Insurance of Deposits :

4.1 As such, all Registered Finance Companies shall insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations, No. 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 01st October, 2010.

4.2 All Registered Finance Companies shall also disclose to the public, in their advertisements soliciting deposits, the fact that eligible deposit liabilities have been insured with the Sri Lanka Deposit Insurance Scheme implemented by the Monetary Board on payment of the applicable premium for compensation up to a maximum of Rs. Two Hundred Thousand (Rs. 200,000) per depositor.

11-335