



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

27 October, 2016

MICROFINANCE ACT DIRECTIONS

NO. 05 OF 2016

ASSESSMENT OF SHAREHOLDERS

Issued under Section 11 of the Microfinance Act, No. 6 of 2016.

1. Criteria
 - 1.1. No person shall be a significant shareholder of a Licensed Microfinance Company (LMFC), if that person :-
 - a) is being subjected to any investigation or inquiry in respect of a fraud, deceit, dishonesty or other similar criminal activity, conducted by the police, any regulatory or supervisory authority, professional association, commission of inquiry, tribunal, or any other body, established by law, in Sri Lanka or abroad;
 - b) has been found by any regulatory or supervisory authority, professional association, commission of inquiry, tribunal, or any other body established by law, in Sri Lanka or abroad, that such person has committed or has been connected with the commission of any act which involves of fraud, deceit, dishonesty or other similar criminal activity or non-compliance with any statute or rules, regulations, directions or determinations issued there under;
 - c) is being subject to court proceedings or has been convicted by any court for an offence involving an act of fraud, deceit, dishonesty or other similar criminal activity;
 - d) has been convicted by any court for an offence involving moral turpitude;
 - e) has been declared an undischarged insolvent or a bankrupt, by any court in Sri Lanka or abroad.
2. Submission of Affidavit
 - 2.1. Each LMFC shall obtain from persons who are significant shareholders an affidavit as in Annexure I and submit to the Director/ Department of Supervision of Microfinance Institutions (D/DSMI).

- 3 Interpretation 3.1 “**significant shareholder**” means a person who is among the top ten shareholders of the LMFC and hold more than ten percent of the shares of the company.

Indrajit Coomaraswamy
Chairman of the Monetary Board
Governor of the Central Bank of Sri Lanka

**Format of the affidavit to be submitted by shareholders
Affidavit**

I,.....(full name) holder of National Identity Card No./Passport No.....of(address) being a Buddhist/Hindu/Christian/Catholic/Muslim do hereby solemnly, sincerely and truly declare and affirm/make oath and state¹ as follows:

1. I am the affirmant / deponent above named.
2. I am a / the shareholder of.....(*name of the company*).
3. I affirm/ state that I am not being subjected to any investigation or inquiry in respect of a fraud, deceit, dishonesty or other similar criminal activity, conducted by the police, any regulatory or supervisory authority, professional association, commission of inquiry, tribunal, or any other body, established by law, in Sri Lanka or abroad;
4. I affirm/ state that I have not been found by any regulatory or supervisory authority, professional association, commission of inquiry, tribunal, or any other body established by law, in Sri Lanka or abroad, that I have committed or have been connected with the commission of any act which involves of fraud, deceit, dishonesty or other similar criminal activity or non-compliance with any statute or rules, regulations, directions or determinations issued thereunder;
5. I affirm/ state that I am not being subject to court proceedings or have been convicted by any court for an offence involving an act of fraud, deceit, dishonesty or other similar criminal activity;
6. I affirm/ state that I have not been convicted by any court for an offence involving moral turpitude;

The averments contained herein)
 were read over to the affirmant/)
 deponent who having understood)
 the contents hereof and having)
 accepted same as true, affirmed/)
 swore to and placed his/her)
 signature before me at)
 on thisday of.....)

Affix Stamps as Applicable

Before me

**JUSTICE OF THE PEACE /
COMMISSIONER FOR OATHS**

Note:

- 1- *Delete inapplicable words.*
- *Christians and Catholics must make oath and state and Buddhists, Hindus, Muslims and persons following any other religion must declare and affirm*