



MONETARY BOARD

CENTRAL BANK OF SRI LANKA

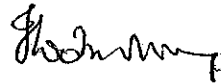
03 March 2017 MICROFINANCE ACT DIRECTIONS No. 02 of 2017

STRUCTURAL CHANGES

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

1. Structural Changes which require approval of the Monetary Board
 - 1.1. No Licensed Microfinance Company (LMFC) shall, without the prior approval in writing of the Monetary Board of the Central Bank of Sri Lanka:-
 - a) Form any subsidiary, subsidiary or associate of an approved subsidiary or associate company;
 - b) Sell whole or part of its business;
 - c) Acquire whole or part of the business of any institution or company;
 - d) Amalgamate, consolidate or merge with any institution or company;
 - e) Change the name of the company;
2. Structural Changes which require the approval of the Director
 - 2.1. No LMFC shall, without the prior approval in writing of the Director:-
 - a) Outsource of any of its functions other than Mail, Courier Services, Housekeeping and Janitorial services, Security of premises, Payroll and Secretarial functions;
 - b) Enhance or reduce its share capital;
 - c) Enhance its investment in share capital of an approved subsidiary or an associate company;
 - d) Sell whole or part of the business of an approved subsidiary or an associate company;
 - e) Change its Articles of Association;
 - f) Transfer or sell any of its assets of a book value of more than Rupees One Million (Rs.1,000,000/-), at a price less than prevailing market value;
 - g) Change the designation of any member of the board of directors and Chief Executive Officer.
 - h) Transfer or sell any of its assets for any consideration other than for a monetary consideration.

3. Resignation of any member of the Board of Directors and Chief Executive Officer/General Manager
- 3.1. No member of the board of directors and Chief Executive Officer/General Manager shall without the prior approval of the Director, resign from the company.
4. Definitions
- 4.1. In this Direction,
- a) "Subsidiary" and "Associate" as defined in the Sri Lanka Accounting Standards.
 - b) "Prevailing market value" shall mean the estimated price determined by a licenced valuer for which an asset should exchange between a willing buyer and a willing seller in an arm's length transaction
 - c) "Director" means the Director of the Department of Supervision of Microfinance Institutions of the Central Bank of Sri Lanka.



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