

Criteria Adopted in Registering Companies to carry on Finance Leasing Business

- **Basic Requirement**

Banks licensed under the Banking Act and finance companies registered under the Finance Companies Act, are eligible to be registered under the Finance Leasing Act. In addition, public companies registered under the Companies Act No.17 of 1982, having an issued and paid up capital over a specified amount (Rs. 75 million at present), are considered for registration as finance leasing establishments (FLEs).

- **A. Criteria for Registration**

- A public company which satisfies the minimum capital requirement is registered, having regard to the interests of the economy, if the Director of the Department of Supervision of Non-Bank Financial Institutions (D/SNBFI), is satisfied that the company is fit and competent to conduct finance leasing business.
- For the consideration of registration of a licensed bank or a registered finance company as an FLE, the following documents and information inter alia are required :
 - A certified copy of the licence issued by the Monetary Board to operate as a bank or a finance company.
 - A certified copy of the operating manual.
 - Financial projections for leasing operations for the first 03 years of operation.
 - Evidence of expertise available to handle leasing operations.
- For consideration of registration of a public company which is not either a bank or a finance company as a FLE, the following information and documents are required:
 - A certified copy of Auditor's confidential letter to the Board of Directors at the completion of their audit for the last financial year.
 - Certified copies of latest forms 13, 36, 48 and 63 filed with the Registrar of Companies.
 - Audited Profit and Loss Account and Balance Sheets for the last three years.
 - Income and Expenditure Account for the last two years on the specimen format.
 - Feasibility report on establishing a finance company including the financial projections for the first 3 years.
 - Memorandum and Articles of Association of the company.
 - Organization chart of the company.
 - Experience and qualifications of the members of the Board of Directors and the senior management of the company.
 - A declaration from the Board of Directors of the company that the company has met all regulatory and statutory requirements.
 - Tax clearance certificate

In addition, if an existing company acts as the promoter of the proposed finance company, the following information and documents should also be forwarded together with the application:

- Memorandum and Articles of Association of the promoter company.
- Resolution passed by the Board of Directors to form a new company with an issued and paid up share capital of not less than Rs. 75 million for the purpose of carrying on finance leasing business.
- Qualifications and experience of the members of the Board of Directors of the promoter company.
- 10 major shareholders of the promoter company.
- Audited annual accounts of the promoter company for the last 3 years.
- List of companies in the promoter's group together with details of major business activities of each company and each company's relationship to the promoter company.
- Whether there are any loss making companies in the group.

Further information will be requested, if necessary.