

Unvalidated References:

Banks and Financial Institutions Act

Banks and Financial Institutions Act 2000

Banks and Financial Institutions Act 2000

Banks and Financial Institutions Act 2000

Insurance Act 1995

This reprint of this Statutory Instrument incorporates all amendments, if any, made before 25 November 2006 and in force at 1 July 2001.

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Legislative Counsel
Dated 25 November 2006

INDEPENDENT STATE OF PAPUA NEW GUINEA.

Chapter 137.

Banks and Financial Institutions Regulation 1982

ARRANGEMENT OF SECTIONS.

1. Interpretation.
 “corporation”
 “Credit instrument”
2. Declaration of financial institutions.
3. Application for licence.
- 3A. Time limit for application for licence or exemption.
4. Licence fees.

Banks and Financial Institutions Regulation 1982

MADE under the *Banks and Financial Institutions Act* (Chapter 137) (*repealed*) and saved by Section 75 of the *Banks and Financial Institutions Act 2000* to the extent that it is not inconsistent with the *Banks and Financial Institutions Act 2000*.

Dated 200 .

1. INTERPRETATION.

In this Regulation, unless the contrary intention appears—

“**corporation**” means a body corporate whether formed or incorporated in the country or elsewhere;

“**Credit instrument**” means any agreement (written or otherwise) acknowledging an obligation to pay a sum of money on demand or at any future time.

Note Inconsistent with the *Banks and Financial Institutions Act 2000*.

2. DECLARATION OF FINANCIAL INSTITUTIONS.

¹A person or class of persons is a financial institution, for the purposes of the Act, where in the course of business he or it—

- (a) borrows money or accepts deposits (whether on demand or for a fixed term), or receives credit (other than normal trade credit), or sells any credit instrument; and
- (b) lends money or grants credit (other than normal trade credit), or buys or discounts any credit instrument,

and without limiting the generality of Paragraphs (a) and (b), includes—

¹ Section 2 replaced by No. 4 of 1982, s. 2.

- (c) a person who acts as agent or intermediary for the purposes of any of the transactions referred to under those paragraphs; and
- (d) a corporation registered as a Savings and Loans Society under the *Savings and Loans Societies Act 1961*; and
- (e) a corporation licenced under the *Insurance Act 1995* to carry on the business of insurance in Papua New Guinea; and
- (f) a person or corporation engaged in the business of borrowing or lending money, or buying, selling or otherwise dealing in credit instruments, and declared by the Head of State, acting on advice, by notice in the National Gazette, to be a financial institution.

3. APPLICATION FOR LICENCE.

²A corporation seeking a licence as a bank or financial institution under Section 4 of the Act shall apply in writing through the Central Bank and supply—

- (a) a copy of the memorandum and articles of association or other instrument under which the corporation is incorporated, duly verified by a statutory declaration made by a senior officer of the corporation; and
- (b) a copy of the latest audited balance sheet (if any) and in the case of a financial institution the application shall also include—
 - (i) the financial statement disclosing the assets and liabilities as at the quarter immediately preceding the application; and
 - (ii) the balance sheet and profit and loss account of the previous financial year (if any); and
- (c) details of the capital structure of the corporation, including particulars of major shareholders and the distribution of shareholdings; and
- (d) details of the terms and conditions on which the licence is being sought, and in particular—
 - (i) whether incorporation in the country is proposed and, if so, the proposed capitalization and the extent to which an opportunity will be extended for local equity participation; and
 - (ii) the name or names under which operations would be conducted and the business advertised; and
 - (iii) proposed policy regarding the range of business to be conducted, extension of branch network and localization of management and staff; and
 - (iv) in the case of a licence as a financial institution—whether the activities contemplated relate in the conduct of a representative office or the carrying on of business as a financial institution; and

² Section 3 amended by No. 4 of 1982, s. 3.

- (e) a statement regarding the benefits expected to accrue to Papua New Guinea from the granting of a licence; and
- (f) such other information as is called for by the Central Bank.

3A. TIME LIMIT FOR APPLICATION FOR LICENCE OR EXEMPTION.

³(1) Subject to this section, a financial institution to which Section 2 applies shall, within three months from the date it commences business within the meaning of that section, apply to the Minister for a licence or exemption from the requirements of the Act.

(2) Where a financial institution has lodged an application under Subsection (1) he or it may continue to conduct the business of a financial institution until a determination has been made on the application.

4. LICENCE FEES.

⁴(1)⁵ ⁶For the purposes of Section 4(6) of the Act the prescribed fee for a licence is—

- (a) in the case of a licence as a bank—K7,250.00; and
- (b) in the case of a licence as a financial institution—K2,900.00.

(2) Fees referred to in Subsection (1) shall be paid on the grant of a licence, and afterwards annually in advance on 1 January in each year.

³ Section 3A added by No. 4 of 1982, s. 4.

⁴ Section 4 replaced by No. 4 of 1982, s. 5.

⁵ Section 4(1) replaced by the *Banks and Financial Institutions (Amendment) Regulation 1989* (No. 13 of 1989); amended by the *Banks and Financial Institutions (Amendment) Regulation 1998* (No. 26 of 1998).

⁶ Section 4(1) replaced by the *Banks and Financial Institutions (Amendment) Regulation 1989* (No. 13 of 1989); amended by the *Banks and Financial Institutions (Amendment) Regulation 1998* (No. 26 of 1998).

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