



**FINANCIAL INSTITUTIONS
(AMENDMENT) BILL 2013**

(NO. 10 OF 2013)



**FINANCIAL INSTITUTIONS (AMENDMENT)
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Entitled

AN ACT TO AMEND THE FINANCIAL INSTITUTIONS ACT 1998 TO PROVIDE FOR THE ISSUANCE OF INTERIM LICENCES TO PERMIT APPLICANTS FOR LICENCES TO CARRY ON BANKING BUSINESS PENDING ACCEPTANCE OR REJECTION OF THEIR APPLICATION

ENACTED by the National Parliament of Solomon Islands.

ARRANGEMENT OF CLAUSES

1. Short title and commencement
2. Section 5 (7A) repealed and replaced

FINANCIAL INSTITUTIONS (AMENDMENT)

BILL 2013

1. This Act may be cited as the Financial Institutions (Amendment) Act 2013 and shall come into force on such date as the Minister may appoint by notice in the Gazette.

Short title and commencement

2. Section 5 of the Financial Institutions Act 1998 is amended by repealing subsection (7A) and replacing it with the following subsections—

Section 5(7A) repealed and replaced

“(7A) The Central Bank may, within 60 days after receipt of the application, information and documents referred to in subsection (7), issue an interim licence to permit the applicant to carry on banking business for a period of 6 to 12 months from the date of issue, subject to such terms and conditions as may be specified in the licence.

(7B) Where the Central Bank issues an interim licence to an applicant under subsection (7A), the time limit in subsection (7) ceases to apply to the application but the Central Bank must, before the expiry of the interim licence, either —

(a) issue a licence under subsection (7) to permit the applicant to carry on banking business subject to such terms and conditions as may be specified in the licence; or

(b) inform the applicant that its application is refused.

(7C) The Central Bank may not issue a licence under subsection (7) or an interim licence under subsection (7A) unless it is satisfied in respect of the matters set out in subsection (5) and, where the applicant is a foreign financial institution, the matters set out in subsection (6).”.

FINANCIAL INSTITUTIONS (AMENDMENT)**BILL 2013****Objects and Reasons**

The Objects of the Bill are to permit the issue of interim licences for applicants to carry on banking business pending approval or rejection of their application for a licence under the Act. The Central Bank would be authorised, within 60 days of receiving a complete application, to issue an interim licence that would be valid for a period of 6 to 12 months.

**HON. RICK NELSON HOUENIPWELA
MINISTER FOR FINANCE AND TREASURY**

EXPLANATORY MEMORANDUM

Clause 1 provides for the short title and commencement of the Act.

Clause 2 would repeal and replace section 5(7A) with the following clauses.

New clause 5(7A) would provide for the issue of an interim licence to an applicant, permitting it to carry on banking business for 6 to 12 months.

New clause 5(7B) would require the Central Bank, where it issues an interim licence, to decide on the original application for a full licence during the period of validity of the interim licence.

Clause 5(7C) would re-enact the repealed subsection 5(7A) and extend it to ensure that the Central Bank takes the matters referred to in sections 5(5) and (6) into account when deciding whether to issue an interim licence.

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HON. RICK NELSON HOUENIPWELA
MINISTER FOR FINANCE AND TREASURY



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