

# Financial Institutions (Amendment) Bill 1999

.....  
(NAME OF BILL)

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Objects and Reasons  
Notice of Presentation  
Covering letter from Minister to Clerk to Parliament  
(Authorisation from Minister of Finance under s.60 of Constitution)

FROM: Attorney General's Chambers

*W. Lee*  
19/11/99

TO: Minister  
(for signing Objects & Reasons, Notice of Presentation and covering letter to Clerk)

TO: Minister of Finance  
(for signing of letter to Clerk signifying Cabinet approval under s.60 of Constitution)

*Amund* 19/11/99

TO: Clerk to National Parliament  
(for certificate by Speaker)

*Amund* 22/11

TO: Attorney General's Chambers  
(for printing)

TO: Clerk to National Parliament  
(for reference during 1st, 2nd and 3rd Readings)  
(Date passed...30/11/99... Act No. 11/99.)

TO: Attorney General's Chambers  
(for checking before Assent)

*W. Lee*  
3/11/99

TO: Governor-General  
(for Assent)

*Amund* 10/12/99

TO: Clerk to National Parliament  
(for distribution: 1 copy Attorney General's Chambers  
1 copy Ministry  
1 copy Parliament Office  
1 copy Registrar of the High Court)



**THE FINANCIAL  
INSTITUTIONS  
(AMENDMENT) ACT 1999**

**(No. 11 OF 1999)**



**THE FINANCIAL INSTITUTIONS  
(AMENDMENT) ACT 1999  
(No. 11 OF 1999)**

*passed by the National Parliament this thirtieth day of November 1999.*

*This printed impression has been carefully compared by me with the Bill passed by Parliament and found by me to be a true and correct copy of the Bill.*

*Elizabeth Andresen*  
 Elizabeth Andresen  
 Clerk to National Parliament

*Assented to in Her Majesty's name and on Her Majesty's behalf this tenth day of December 1999.*

*John Inji Lapli*  
 John Inji Lapli  
 Governor-General

*date of commencement: date of publication in the Gazette.*

**THE FINANCIAL INSTITUTIONS  
(AMENDMENT) ACT 1999**

**ARRANGEMENT OF SECTIONS**

SECTION:

1. SHORT TITLE
2. AMENDMENT OF SECTION 2 OF ACT NO. 3  
OF 1998
3. AMENDMENT OF SECTION 3
4. AMENDMENT OF SECTION 5
5. AMENDMENT OF SECTION 9
6. AMENDMENT OF SECTION 16
7. AMENDMENT OF SECTION 18
8. AMENDMENT OF SECTION 24
9. AMENDMENT OF SECTION 27
10. AMENDMENT OF SCHEDULE.

1. This Act may be cited as the Financial Institutions Amendment) Act 1999.

Short title

2. Section 2 of the Financial Institutions Act 1998 hereinafter referred to as the "principal Act") is hereby amended in the following respects -

Amendment  
of section 2  
Act No. 3 of  
1998

(a) in subsection (1) -

- (i) in paragraph (b) of the definition of "banking business", by inserting the words "may additionally be authorised to engage in by the Central Bank" after the words "in paragraph (a),";
- (ii) by deleting the words " EDP service" occurring immediately after the definition of "director" , and substituting therefor the words "EDP Servicer";
- (iii) by inserting immediately after the definition of "officer", the following new definition -

" pyramid selling scheme" means a scheme which constitutes primarily an opportunity for participants to sell an investment opportunity to other participants in the scheme; and which is or is likely to be unfair to many of the participants in the scheme in that -

- (a) the financial rewards of many of those participants are dependent on the recruitment of additional participants (whether or not at successively lower levels); and
- (b) the number of additional participants that must be recruited to produce reasonable financial rewards to participants in

(b) in subsection (2) by deleting the words “such advertisement.” and substituting therefor the words “such advertisement; or advertises, promotes or operates a pyramid selling scheme.”.

Amendment of  
section 3.

3. Section 3 of the principal Act is hereby amended in the following respects -

(a) by deleting subsection (1) and substituting therefor the following new subsection -

“ (1) No person shall carry on banking business in Solomon Islands unless such person is a financial institution licensed under this Act.”; and

(b) in subsection (7) by inserting the words “or establishing a representative office in Solomon Islands pursuant to section 24(3)” after the words “section 5”

Amendment of  
section 5.

4. Section 5 of the principal Act is hereby amended in the following respects -

(a) in subsection (1) by deleting the word “company” and substituting therefor the word “person”;

(b) by inserting immediately after subsection (1), the following new subsection -

“ (1A) No person other than a body corporate shall be issued with a licence to carry on banking business pursuant to this Act.”;

(c) in subsection (3) by deleting the word “company” and substituting therefor the word “person”;

“(7A) A licence shall not be issued pursuant to paragraph (a) of subsection (7) unless the Central Bank 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)”; and

(e) in subsection (10) by adding the words “and as prescribed by regulations” after the word “approve”.

5. Paragraph (v) of subsection (8)(a) of section 9 of the principal Act is hereby amended by deleting the words “the financial institution is unable” and substituting therefor the words “he is unable”.

Amendment of section 9.

6. Paragraph (b) of subsection (1) of section 16 of the principal Act is hereby amended by deleting the word “company” and substituting therefor the word “comply”.

Amendment of section 16.

7. The proviso to subsection (4) of section 18 of the principal Act is hereby amended by deleting the word “revised” and substituting therefor the word “revived”.

Amendment of section 18.

8. Subsection (2) of section 24 of the principal Act is hereby amended by inserting the words ‘with the word “bank” (or derivative) in its title’ after the words “Solomon Islands”.

Amendment of section 24.

9. Section 27 of the principal Act is hereby amended by inserting the words “on conviction” after the word “liable”.

Amendment of section 27.

10. The Schedule to the principal Act is hereby amended in the following respects -

Amendment of Schedule

(a) by deleting the words “Australian Guarantee Corporation (SI) Limited” and substituting therefor the words “A.G.C. Finance (SI) Limited”; and

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