

# **Deposit and Credit Guarantee Fund Act, 2073 (2016)**

Date of Authentication and publication on Nepal Gazette

2073.06.18 (04 October 2016)

## **An Act Made for the Operation of Deposit and Credit Guarantee Fund, 2016**

**Preamble** : Whereas, it is expedient to make legal provisions concerning establishment and operation of Deposit and Credit Guarantee Fund to protect and safeguard economic welfare and interests of the public through protection of deposit and credit having enhanced credibility of the banking and financial system for economic development of the country;

Be it enacted by the Legislature-Parliament pursuant to Clause (1) of Article 296 of the Constitution of Nepal.

### **Chapter-1**

#### **Preliminary**

1. **Short Title and Commencement**: (1) This Act may be cited as “Deposit and Credit Fund Act, 2016”.
  - (2) This Act shall come into force immediately.
2. **Definitions**: Unless the subject or context requires otherwise, in this Act,-
  - (a) “Chairman” means the Chairman of the Committee.
  - (b) “Credit Guarantee” means guarantee provided to a credit disbursed by a bank or financial institution or the institution engaged in financial intermediary and this term also denotes livestock guarantee.
  - (c) “Fund” means the Deposit and Credit Guarantee Fund established pursuant to Article 3.
  - (d) “Eligible Deposit” means all types of deposits of natural persons prescribed by this Act.
  - (e) “Third Party Deposit Account” means operation of an account by the beneficiary third party on its own or by signature of its

power of attorney, except the person in whose name the deposit is made at a bank or financial institution.

- (f) “Prescribed or as prescribed” means prescribed or as prescribed in the Rules or Regulations framed under this Act.
- (g) “Deposit” means an amount deposited in current, saving or fixed accounts of a bank and financial institution and this term also includes other amount accepted by bank or financial institution through different financial instruments as prescribed by Nepal Rastra Bank, from time to time.
- (h) “Deposit Account” means current, saving or fixed account maintained with bank or financial institutions authorized by Nepal Rastra Bank.
- (i) “Deposit Amount” means the amount deposited on any currency in a deposit account of a natural person.
- (j) “Bank or Financial Institution” means commercial bank or financial institutions authorized by prevalent bank and financial institution law.
- (k) “Ministry” means Ministry of Finance, Government of Nepal.
- (l) “Assessment Date” means the date of calculation of annual premium of guaranteed amount and reimbursement amount, pursuant to this Act.
- (m) “Reimbursement” means payment of deposit guaranteed as prescribed by the Fund subject to this Act.
- (n) “Member” means member of the Committee and the word also includes the Chairman.
- (o) “Member Institution” means a bank or financial institution or institution engaged in financial intermediary acquiring the credit guarantee membership as prescribed by the Fund.
- (p) “Board” means the Board of Directors of the Fund so formed pursuant to Article 8.
- (q) “Guarantee Fee” means the fee to be paid to the Fund for deposit and credit guarantee and the term also refers to the special contribution to be paid on deposit.
- (r) “Guaranteed Deposit” means the deposit of natural person guaranteed by the Fund pursuant to Article 19.

- (s) “Guaranteed Member Institution” means bank and financial institutions collecting deposit entitled to deposit guarantee as per this Act.
- (t) “Guaranteed Depositor” means a natural person operating single or joint account or any beneficiary of a third party deposit account entitled to receive payment of a deposit.
- (u) “Joint Deposit Account” means account operated by two or more than two signatories in bank or financial institution.
- (v) “Financial Liquidation” means the function pertaining to clearance of bank or financial institution done by Nepal Rastra Bank.

## **Chapter-2**

### **Establishment of the Fund, its Capital and Functions, Duties and Powers**

3. **Establishment of the Fund:** (1) A Fund named Deposit and Credit Guarantee Fund has been established for guaranteeing deposits of guaranteed member institution and credit extended by member institution.  
(2) The Head Office of the Fund shall be located at Kathmandu valley and the Fund may open its branches at different places as may require.
4. **Special Provision on Guarantee:** As per this Act, only Fund shall be entitled to guarantee deposit of bank or financial institution authorized by Nepal Rastra Bank to collect deposit.
5. **The Fund to be Autonomous and Corporate Body:** (1) The Fund shall be an autonomous corporate body with perpetual succession.
  - (2) The Fund shall have its own separate seal for conduction of its functions.
  - (3) The Fund may acquire, enjoy, retain, sell and rent or lease movable or immovable property like an individual.
  - (4) The Fund may file cases in its name and cases may also be filed against it in the same name.

- (5) The Fund may enter into contract and exercise rights and fulfill responsibility as an individual.
6. **Capital of the Fund:** (1) The authorized capital of the Fund shall be Rupees 10 Billion and paid up capital shall be Rupees 5 Billion.
- (2) Government of Nepal shall have 90 percent and Nepal Rastra Bank shall have 10 percent of shares on paid up capital of the Fund.
- (3) The Committee may, with approval of Government of Nepal, increase the capital of the Fund as required.
- (4) The paid up capital referred to in sub-Section (1) shall be payable according to the conditions, terms and procedures defined by the decision of the Government of Nepal.
7. **Functions, Duties and Powers of the Fund:** Besides the functions, duties and powers mentioned elsewhere, the Fund shall have additional functions, duties and powers as follows:
- (1) To guarantee and reimbursement of deposits to depositors of guaranteed member institution and member institution,
- (2) To guarantee credit disbursed by guaranteed member institution and member institution in the small and medium scale enterprises of agriculture, industry, service business sector,
- (3) To guarantee micro finance and livestock sector credit disbursed by guaranteed member institution and member institution,
- (4) To guarantee export credit availed by guaranteed member institutions, and
- (5) To carry out other functions required to achieve the objectives of the Fund.

### Chapter-3

#### **Provisions on formation of Committee of the Board of Directors, Functions, Duties and Powers**

8. **Formation of Committee of the Board of Directors:** (1) A committee of the board of directors shall be formed to achieve

objectives of the Fund and to operate, monitor and manage the whole functioning of the Fund to be done as per the rules and regulations laid down by this Act.

(2) The Committee shall have the following members:-

- (a) Secretary of Ministry or a Special Class Officer of Government of Nepal designated by Government of Nepal -Chairperson
- (b) Joint Secretary, Ministry of Finance -Member
- (c) Joint Secretary, Ministry of Law, Justice and Parliamentary Affairs -Member
- (d) Executive Director, Nepal Rastra Bank -Member
- (e) A person designated or nominated by the Ministry from amongst persons having at least ten years of experience as Second Class Officer in banks and financial sectors -Member
- (f) A person designated or nominated by the Ministry from amongst person having had experience pertaining to accounting of at least ten years being a Chartered Accountant -Member
- (g) The Chief Executive Officer Secretary -Member

(3) The term of office of the member referred to in Section (e) and (f) of sub-Section (2) shall be of four years and they may be reappointed or designated again for another one term.

(4) Notwithstanding anything contained in sub-Section (3), person designated or nominated pursuant to sub-Section (2) Section (e) and (f), can be removed from the post by the Ministry if the performance is not satisfactory. However, proper opportunity shall be provided to defend before removing from the post.

**9. Ineligibility for Being a Member:** Any of the following persons shall be ineligible for the post of member:-

- (a) Non-Nepali citizen,
- (b) Member of any political party,

- (c) Not attained the age of 30 years and completed the age of 65 years,
- (d) Insane or having unstable mental balance,
- (e) Having been declared bankrupt for being unable to pay debts,
- (f) Having been convicted of an offence involving moral turpitude by a court,
- (g) Having had any financial interest with the Fund,
- (h) Having been blacklisted according to prevailing laws,
- (i) Being engaged as an employee of any guaranteed member institution or member institution.

**10. Circumstances for Falling Vacant of Office of Members:** Office of a member shall be deemed to have fallen vacant in any of the following circumstances:-

- (a) In case of one's death,
- (b) In case the resignation from the post tendered by a member through the Fund is approved,
- (c) In case a member is no longer engaged in the agency or body which he/she has been representing,
- (d) In case he/she is absent without prior notice and without a reasonable cause in meeting of the Committee for a consecutive three times.

**11. Meeting of the Committee:** (1) Meeting of the Committee shall be held on the date, in the place and at the venue prescribed by the Chairperson.

- (2) Meeting of the Committee shall be held as necessary but at least once in a month.
- (3) In case at least twenty five percent members make a written request for holding meeting along with the agenda therefore, the Chairperson shall have to call meeting of the committee within seven days.
- (4) The Chairperson shall preside over meetings of the committee and in his/her absence, the member selected

by the members from amongst themselves shall preside over the meeting.

- (5) In case more than fifty percent of the total members are present, it shall constitute quorum for the meeting.
- (6) Decisions of majority shall be valid in meetings of the Committee and in case of equal division of vote, the Chairperson shall cast the decisive vote.
- (7) Representatives from member institution can be invited as observer on the committee meeting as deemed necessary. However, such invitees shall not have the voting right.
- (8) It shall be the responsibility of the Chief Executive Officer to safely keep or to cause to be safely kept the minute of decisions of meetings of the Committee as prescribed by the Committee.
- (9) Other work procedure pertaining to meeting of the committee shall be as specified by the committee itself.
- (10) Meeting allowance and other benefits of the members shall be as per prescription of the board after due approval from the Ministry.

**12. Functions, Duties and Powers of the Committee :** (1) In addition to functions, duties and powers stated elsewhere in this Act, the committee have the following functions, duties and powers :-

- (a) To decide on the policy of the guaranteed deposit and reimbursement of the guaranteed deposits,
- (b) To decide on the policy of the administration, management and investment of financial assets of the Fund and to decide to invest directly or through delegation of authority the financial assets of the Fund,
- (c) To decide on the membership admission and expulsion of guaranteed member institution,
- (d) To decide on reimbursement process,
- (e) To decide the initial contributions, special contribution and annual guarantee fee of guaranteed deposits of the member institutions,

- (f) To review and decide the guarantee fee as well as the guaranteed credit and livestock guarantee program of guaranteed member institution and member institution.
- (g) To decide on receiving and providing reimbursement,
- (h) To decide on monitoring and punishment of guaranteed member institution,
- (i) To prescribe the criteria and basis of selection of Agent Bank,
- (j) To submit proposal to Government of Nepal on credit and subsidy to raise paid up capital of the Fund for approval,
- (k) To periodically submit proposals to Government of Nepal related to deposit guarantee, limit of deposit guarantee, scope of deposit guarantee for approval,
- (l) To approve the internal and external auditing reports of the Fund,
- (m) To determine the statement of income and expenditure, organization structure and remunerations of the employees,
- (n) To approve recommendations and reports on medium and long term strategic development plan, awareness programs, rights of depositors and protection of stakeholders,
- (o) To exchange information and enter into co-operation and agreement with homologue international organizations based on reciprocity,
- (p) To decide the participation of the Fund in the process of transformation, receivership and financial liquidation, liquidation and dissolution of guaranteed member institution,
- (q) To decide the participation of the Fund in formulation of contingency plans for prevention and management of financial crisis and system risk, and
- (r) Do other tasks as may deem necessary to achieve the objective of the Fund.



- 13. Sub-Committee may be Formed :** (1) The Committee may form sub-committees comprising of one or more members as may be necessary.
- (2) The functions, duties, powers and facilities of the sub-committee formed pursuant to sub-Section (1) shall be as prescribed by the Committee.

#### **Chapter-4**

#### **Provisions concerning Guaranteed Member Institution, Guaranteed Deposit and Guarantee Fee**

- 14. Membership of Guaranteed Member Institution to be Acquired:**  
Bank and Financial Institutions licensed by Nepal Rastra Bank should take membership of guaranteed member institution from the Fund pursuant to this Act.
- 15. Procedure and Process of Acquiring Guaranteed Member Institution:**
- (1) Bank and Financial Institution licensed by Nepal Rastra Bank shall file application to the Fund paying stipulated fee for acquiring guaranteed member institution.
- (2) After examining the application filed pursuant to sub-Section (1), the Fund shall issue specified guaranteed membership certificate.
- (3) Membership Certificate issued pursuant to sub-Section (2) shall be non-transferable and non-alterable.
- (4) The procedure and process to acquire certificate of guaranteed member institution by bank and financial institutions licensed by Nepal Rastra Bank shall be as specified.
- 16. Information to be Given:** (1) Nepal Rastra Bank shall inform the Fund if bank and financial institution is given license.
- (2) Nepal Rastra Bank shall give information to the Fund if in principal approval is granted to change name due to merger, acquisition or any reason whatsoever as per prevalent laws to guaranteed member institution.

**17. Membership of Guaranteed Member Institution not to Continue:**

- (1) Membership of guaranteed member institution shall not continue on following circumstances:
  - (a) In case the guaranteed member institution is subjected to insolvency, dissolve or financial liquidation,
  - (b) In case any guaranteed member institution is merged with another guaranteed member institution.
- (2) Notwithstanding in Section (b) of sub-Section (1), in case guaranteed member institutions are merged together, the membership of either of the institutions having not changed its name, shall continue.
- (3) The Fund shall publish notices in the event of cancellation of membership as referred in sub-Section (1) in a national level daily newspaper and its website.

**18. Provisions for Merged or Acquired Guaranteed Member Institution:**

- (1) In order to maintain record of name change, in case any guaranteed member institution is merged or acquired with one or more guaranteed member institutions, having name changed, the new named institution shall file application to the Fund.
- (2) If application pursuant to sub-Section (1) is received, the Fund shall examine the application, and shall issue certificate of guaranteed member institution on new name pursuant to Article 15 sub-Section (2) provided that the application meets the requirement. If application is filed to maintain record when guaranteed member institution are merged or unified retaining name of any one of the guaranteed member institution, the Fund shall record the new named guaranteed member institution and delete the record of other merged or unified guaranteed member institution/s.
- (3) The new guaranteed member institution so formed pursuant to sub-Section (1) shall have to submit guarantee fee based on the guaranteed deposits retained after the transformation process to be guaranteed.
- (4) In case one guaranteed member institution is merged with another guaranteed member institution, the new guaranteed

member institution so formed pursuant to sub-Section (1) is liable to pay the guarantee fee, penalty or any other amount payable to the Fund by the merging guaranteed member institution.

- (5) In the event of merger, acquisition, dissolution or unification of guaranteed member institution/s as per prevalent bank and financial institution laws, the Fund shall have to maintain record of deposits of each guaranteed member institution for three months from the date of receipt of application.

**19. Guarantee of Deposit Amount:** (1) The Fund shall guarantee up to Rupees 2 Lakhs maintained on deposit account of each natural individual of each guaranteed member institution.

- (2) Notwithstanding anything contained on sub-Section (1), it shall not be an issue for Government of Nepal by publishing notice on Nepal Gazette to make necessary alteration on deposit guarantee limit on recommendation of the committee.
- (3) While assessing guaranteed deposit, principal amount maintained on deposit account and accrued interest on it shall be considered.
- (4) The guaranteed deposit account may be denominated in Nepalese Rupees or in any foreign currency.
- (5) The guaranteed deposits held by any depositor in more than one deposit account with a member institution, including any shares in joint deposit accounts and any beneficiary interests in third party deposit accounts at the given guaranteed member institutions, shall be aggregated and be treated as one guaranteed deposit.
- (6) Liquidation or the dissolution of a guaranteed member institution shall not affect the continued guaranteeing, of the guaranteed deposits that are held until the liquidation or dissolution process terminates.
- (7) In the event of voluntary liquidation declared by guaranteed member institution, the deposits remain guaranteed up to the completion of this process.

20. **Not Considered Guaranteed:** Notwithstanding anything contained in Article 19, following deposits are not considered guaranteed:

(a) Deposits held on deposit account in the name of the natural person who is regarded as the official of the guaranteed member institution as per prevailing company law, the auditor who has been auditing the accounts of guaranteed member institution from last three years, promoter or natural person having five percent or more share subscription on his/her name or his/her family members of the guaranteed member institution,

**Explanation:** For the purpose of this section, “family” means husband, wife, son, daughter, adopted son, adopted daughter, father, mother, step mother this word also defines elder brother, younger brother, elder sister and younger sister to take care of by him/her.

(b) Deposit earned from criminal activity by any person,

(c) Deposit received on or day after the decision of financial liquidation, liquidation or revoke of the license as per prevailing laws.

21. **Provision Related to Annual Guarantee Fee:** (1) The annual guarantee fee to be paid by guaranteed member institution shall be as prescribed by the Fund.

(2) Pursuant to sub-Section (1), the prescribed guarantee fee is to be paid by the guaranteed member institution four times per year within 10<sup>th</sup> day of Shrawan, Kartik, Magh and Baisakh.

(3) Notwithstanding anything contained on sub-Section (2), the Fund may prescribe to pay the annual guarantee fee in an advance.

(4) For the purpose pursuant to sub-Section (1), to guarantee deposit the fund will prescribe the annual guarantee fee within the range of minimum 0.1 percent and maximum 1 percent of the guaranteed deposit.

(5) The Fund may determine the annual guarantee fee at 0.1% in case the ratio between the total financial means and sources of the Fund towards the total guaranteed deposit of the guaranteed member institution exceeds 5 percent.

22. **Provision Related to Initial Contribution:** (1) At the time of filing application pursuant to Article 15 sub-Section (2) to acquire membership of guaranteed member institution, bank or financial institution should submit total 0.5 percent of proposed paid up capital as initial contribution to the Fund to receive the certificate of guaranteed member institution.
- (2) Guaranteed Member Institution submitting initial contribution pursuant to sub-Section (1) shall not submit the annual guarantee fee for the current fiscal year.
  - (3) Notwithstanding anything contained on sub-Section (2), newly formed bank or financial institution by means of merger, acquisition, or unification as per prevalent bank and financial institution law shall not submit the initial contribution amount.
23. **Provision Related to Special Contribution:** (1) In consideration of the financial position of the guaranteed member institution also, the Fund may charge special contribution to the guaranteed member institution in the event of financial crisis in the nation.
- (2) It is the duty of concern guaranteed member institution to submit the stipulated amount pursuant to sub-Section (1).
  - (3) The process of submission of special contribution pursuant to sub-Section (1) shall be as specified.
24. **Automatic Guarantee of Deposit:** Once the member institution submits the annual guarantee premium amount to the Fund for the first time to guarantee the probable eligible deposits held by it, such eligible deposit to be guaranteed shall ipso de facto be guaranteed as subject under Article 19 sub-Section (1).
25. **Late Fee to be Charged:** (1) Guaranteed member institution which fail to submit the guarantee fee within the stipulated time shall be charged late fee as follows:-
- (a) 0.5 Percent of guarantee fee if submitted within 30 days of the due date.
  - (b) 1 percent of guarantee fee if submitted within 30 days from due date referred in Section (a).

(c) 2 percent of guarantee fee if submitted within 15 days from due date referred in Section (b).

(2) In case a guaranteed member institution does not pay the annual guarantee fee for deposit guarantee and late fees even within the period referred to in sub-Section (1) Section (c), a written request shall be made to the Nepal Rastra Bank to restrict such institution to collect deposit any further and such information thereof shall have to be furnished to Ministry as well as shall have to be published in national level newspapers.

**26. Information and Statistics to be Submitted to the Fund:** (1)

The guaranteed member institution shall submit the monthly report comprising of type of deposit, number of depositors and deposit amount within 15 days of next month on the format as specified by the Fund.

(2) The guaranteed member institution shall also archive or store the statistics, information pertaining to deposit and depositors as prescribed by the Fund.

**27. Electronic Register to be Maintained:** (1) The

guaranteed member institution shall have to create electronic database based on electronic register and maintain records of identity of deposits and depositors, types of deposit, per depositor guaranteed deposit etc. so that they may be checked at any time.

(2) Provisions as to operation of electronic register shall be as prescribed by the Fund.

(3) In order to confirm the identity and per depositor guaranteed amount, the Fund shall maintain centralized and automated database based on electronic system so as to making it helpful to reimbursement to the depositors.

(4) The depositors and guaranteed member institution may acquire data and information stored in the database based on the electronic system created by the Fund.

(5) Subject to the prevailing laws, the Fund shall have to maintain the database based on the electronic system in a manner maintaining confidentiality of personal data of the depositors.

**28. Financial Statements to be Made Available:** (1) A copy of the following financial statements that guaranteed member institution submit to Nepal Rastra Bank shall have to regularly make available to the Fund as well:-

- (a) Quarterly financial statements that shows overall financial condition of the guaranteed member institution,
  - (b) Auditing report and annual report of the guaranteed member institution.
- (2) In case the Fund requires additional statements in addition to those referred to in sub-Section (1), it may request the concerned guaranteed member institution for the same.
- (3) It shall be the duty of the concerned guaranteed member institution to submit the statement as requested pursuant to sub-Section (2).

## **Chapter-5**

### **Provisions concerning Liability of the Fund, Payments of Claim and Reimbursement**

- 29. Liability Related to Deposit Guarantee:** (1) The Fund shall be liable to guarantee the maximum set limit of deposit guarantee and reimburse the deposits of the guaranteed depositors pursuant to the Article 19 sub-Section (1) and (2).
- (2) Notwithstanding anything contained in sub-Section (1), the Fund shall have no liability in case of the deposits not considered guaranteed pursuant to Article 20.
- 30. Claim Payment:** In case a written notice is received from Nepal Rastra Bank citing a guaranteed member institution is problematic and, is unable to make payment of deposits of guaranteed depositors, being on the process of financial liquidation, liquidation or winding up, the Fund will immediately make the claim payment of guaranteed deposit to the concerned depositor.
- 31. Procedure of Payment of Claims:** (1) In case a written notice regarding the financial liquidation, liquidation or winding up of any guaranteed member institution pursuant to the prevailing law is received from Nepal Rastra Bank, the Fund shall, within 7 days upon receipt of such notification, send a letter to the liquidator asking for the details as to the deposits of the depositors in the guaranteed member institution in the prescribed format.

- (2) In case a letter is received pursuant to sub-Section (1), the concerned liquidator shall have to make available to the Fund the details of the deposits and depositors placed in the guaranteed member institution on the process of financial liquidation, liquidation or winding up, within a period of ten days.
- (3) After receipt of the details referred to in sub-Section (2), the Fund shall make necessary verification for the accuracy of the information so received and select the Agent within 30 days from amongst the guaranteed member institutions as prescribed for making payment of the guaranteed deposit at Fund to the concerned depositors.
- (4) After selection of the Agent for making payment of the claims pursuant to sub-Section (3), notice shall be published in a national level daily newspaper for the depositors to come along with prescribed proofs to receive payment of the deposit guaranteed amount.
- (5) The Agent selected pursuant to sub-Section (3) shall have to make payment of the claim to the concerned depositor or his/her legal heir, based on the details referred to in sub-Section (2) and necessary proof.
- (6) The guaranteed member institution should complete the claim payment process referred in sub-Section (5) within 3 months from commencement of the process.

But the Fund can extend the claim payment process for maximum two times each time not exceeding 3 months in case of unavoidable circumstances.

**Explanation:** For provision of this clause “Unavoidable Circumstances” refers to the condition in which the claim payment process is interrupted due to the situation which is out of control of concerned guaranteed member institution.

- (7) The process of assessment of guaranteed amount of depositors shall be as follows:-
  - (a) The guaranteed deposit of the depositor in a guaranteed member institution shall be determined as aggregated on the assessment date.



**Explanation:** For the purpose of this clause, “aggregated” means the aggregated accounts of all guaranteed deposits in a member institution.

- (b) In case of joint accounts in guaranteed member institution, proportion of share of each of the depositors shall be calculated taking the amount deposited at the time of opening up of the account. Except otherwise provided for in the norms or terms and conditions or agreement, each of the depositors of the joint account shall be deemed to have equal portion.
  - (c) In case the guaranteed deposit amount placed in a guaranteed member institution is willed for a third party as beneficiary by the guaranteed depositor, the guaranteed deposit amount shall be paid to the third party as per prevalent laws.
  - (d) In the event where two or more beneficiaries have been mentioned, the beneficiary shall be determined as prescribed.
- (8) For claim payment purpose, the date of notice received by the Fund pursuant to sub-Section (1) is considered as the trigger date of days count.
- (9) The Fund shall make the deposit guarantee claim payment as follows through the Agent Bank selected as per sub-Section (1):-
- (a) Transferring to another guaranteed member institution in such a way that the right of the guaranteed depositor is established on the guaranteed deposit,
  - (b) Paying directly to the depositors in the Nepalese currency via financial liquidator,
  - (c) Making payment through issuance of cheque,
  - (d) Making payment through agent banking after prescribing such bank,
  - (e) Making payment through any other methods as prescribed by the Committee.

- (10) The Fund may refuse the claim payment or may claim the payment done in respect of a guaranteed deposit, when it is proved that such payment is based on false information or fraud.
- (11) Other procedures as to payment of claims shall be as prescribed.

**32. Payment of Claims of Depositors not Traced:** (1) In case no depositor or his/her successor according to law comes to receive the payment of claims as prescribed in the Article 31, the Fund shall have to open a separate account at Nepal Rastra Bank and park such deposits so as to make payment in future.

(2) The claim payment and reimbursement process of the amount in the fund pursuant to sub-Section (1) shall be as specified.

**33. Process of Receiving Reimbursement by the Fund:** (1) The Fund shall have to send a letter to the liquidator to reimburse to the Fund within seven days from the date of ascertaining of the amount which has been paid to the guaranteed institution which is under financial liquidation, liquidation or dissolution.

(2) In case a letter referred to in sub-Section (1) is received, the liquidator shall, notwithstanding anything contained in the prevailing laws, out of the deposit amount which the guaranteed member institution has to make payment to its depositor, the maximum limit of guaranteed amount which the Fund has made payment to the depositor, have to reimburse to the Fund instead of making payment to the depositors.

(3) While reimbursing to the Fund pursuant to sub-Section (2), concerned liquidator shall have to make liability payment based on sub-Section (2) of Article 35.

(4) All the expense incurred during the course of pay out process shall set in the same rank of the priority order with those of the Nepal Rastra Bank or the liquidator.

(5) The Fund's claim to the liquidator, for the difference amount between the transferred liabilities and assets,

shall set in the same rank of the priority order as of the guaranteed deposit.

- (6) The Fund shall be entitled to file a complaint against the liquidator at Nepal Rastra Bank for the report submitted to the Nepal Rastra Bank, where it finds out that the acts proposed by the liquidator for the recoveries of its assets, are at variance with interest of the Fund.

**34. Can appoint Agent or Power of Attorney:** The Fund shall appoint agent or power of attorney for the purpose of reimbursement of claim payment from the liquidator.

**35. Right of Subrogation to the Fund:** (1) Upon payment of claims to the guaranteed depositors pursuant to the provision of this Act, the fund shall have subrogation right, to the extent of the total amount of payment made.

- (2) Claims of the Fund during the process of financial liquidation or liquidation shall be set on the same recognition and priority rank as the guaranteed deposits as per prevailing laws.

- (3) Subrogation of the Fund's right pursuant to sub-Section (2) shall not affect depositors to search treatment as per law against the guaranteed member institution for the remaining credit balances exceeding the amount of deposits paid by the Fund for those deposits.

**36. Fund not to be Compelled to Make Payment:** Notwithstanding anything contained in this chapter, in case a guaranteed member institution which has not paid the guarantee fee and late fee within the set time limit is wound up or liquidated or dissolved during that time duration, the Fund shall not be compelled to make payment of the deposit in such guaranteed member institution.

**37. Provisions on Credit Guarantee:** Credit guarantee fee and liability of claim payment as well as claim payment process related to it shall be as specified.

**Chapter-6**  
**Provisions on Accounts and Auditing, Management of Financial Assets and**  
**Investment of the Fund**

- 38. Guarantee Fund:** (1) There shall be the following separate funds in the Fund for carrying out functions concerning deposit and credit guarantee:-
- (a) Deposit Guarantee Fund, and
  - (b) Credit Guarantee Fund.
- (2) There shall be the following amounts in the fund referred to in Section (a) of sub-Section (1):-
- (a) Amount out of paid up capital as prescribed by the Committee,
  - (b) Initial contributions and special contributions paid from guaranteed member institutions,
  - (c) Annual guarantee fee paid by guaranteed member institutions,
  - (d) Late fees and fines paid by guaranteed member institutions,
  - (e) Credits, subsidies, donations and grants received from any foreign government, organization or individuals,
  - (f) Income to be accrued from investments of the financial assets of the Deposit Guarantee Fund,
  - (g) Amounts received as reimbursement, and
  - (h) Amount received from Government of Nepal.
- (3) There shall be the following amounts in the fund referred to in Section (b) of sub-Section (1):-
- (a) Amount out of paid up capital as prescribed by the Committee,
  - (b) Fees to be paid by member institutions taking part in the credit guarantee program,
  - (c) Fees to be paid by borrowers for credit guarantee,
  - (d) Grant amount to be provided by Government of Nepal for credit guarantee,
  - (e) Income to be accrued from investments of the financial assets of the Credit Guarantee Fund,

- (f) Credits, subsidies, donations and grants received from any foreign government, organization or individuals, and
  - (g) Amount received from Government of Nepal
- (4) Before receiving the amount referred to in Section (e) of sub-Section (1) and Section (f) of sub-Section (2), the Fund shall have to obtain the approval from the Government of Nepal.
  - (5) The amount of the fund received under sub-Sections (2) and (3) shall have to be deposited having opened separate accounts in the Nepal Rastra Bank.

**39. Deposit Guarantee Risk Fund:** (1) There shall be one separate Deposit Guarantee Risk Fund to bear the liabilities pertaining to deposit guarantee.

- (2) The amount remaining after deducting administrative expenses from the amount deposited as deposit guarantee fee in the Deposits Guarantee Fund shall be deposited on the fund referred on sub-Section (1).
- (3) The administrative expenses concerning deposit guarantee for the purpose of sub-Section (2) shall not be more than twenty percent of the total annual deposit guarantee fees.
- (4) The amount deposited in the Deposits Guarantee Risks Fund referred to in sub-Section (1) shall not be expensed for any purpose other than reimbursement or claim payment of the guaranteed deposit.
- (5) In case the amount deposited in the Deposits Guarantee Risks Fund referred to in sub-section (1) falls short for payment of deposits claims, the claims shall have to be borne also from the Fund referred to in Section (a) of sub-Section (1) of Article 38.
- (6) In case the amount falls short on the fund referred in Section (a) of sub-Section (1) of Article 38 while making payment of the guaranteed deposit claims, the Fund can borrow fund from Government of Nepal or any institution in compliance with prevailing laws.

(7) The interest on loan to be received from Government of Nepal shall not be higher than the rate of 90 Days Treasury Bill issued by Government of Nepal.

**40. Guarantee to be Provided while Receiving Loan:**

Government of Nepal shall have to provide guarantee to the credit amount to be required in the event when the borrowing is to be received from other institutions referred in sub-Section (6) of Article 39.

**41. Accounts of the Fund:** (1) The records on accounts, register, financial statement etc. of Deposit Guarantee Fund, Credit Guarantee Fund and Deposit Guarantee Risk Fund shall be kept separately disclosing the transaction and financial condition in a clear manner through book keeping system as per Nepal Accounting Standard.

(2) Notwithstanding anything contained in sub-Section (1), International Accounting norms shall be the basis on areas not covered on Nepal Accounting Standard.

(3) In addition to those required pursuant to sub-Section (1), other records shall have to be maintained electronically on the formats as determined by the audit Committee of the Fund.

(4) In the accounts to be maintained pursuant to sub-Section (1) or (3), the income of the Fund, financial transactions, actual position of the investment and details of its liabilities shall have to be clearly stated so that actual situation of the Fund will be known.

(5) All the expenses to be made by the Fund shall be subject to the approved annual program and budget.

(6) The Fund shall have to prepare and publish its balance-sheet and accounts of income and expenditure every fiscal year authenticated by the Chief Executive Office and chief of the accounts section.

- (7) The Fund shall have to prepare an annual report including therein its balance-sheet, accounts of income and expenditure and details relating thereto within six months of completion of a fiscal year and submit it to the Ministry.

**42. Auditing Committee:** (1) There shall be an Audit Committee as prescribed in convenership of a member of the Board in the Fund.

(2) The functions, duties and powers of the Audit Committee referred to in sub-Section (1) shall be as follows:-

- (a) To submit its report on the accounts of the Fund, budget, auditing procedures and control system and suggestions with regard to them,
- (b) To ascertain whether or not the auditing of periodic balance-sheet and other financial statements and documents of the Fund is carried out in correct manner and such documents are prepared in correct manner,
- (c) To supervise the implementation of appropriate risk management adopted by the Fund,
- (d) To carry out managerial and performance auditing of the administration and operation of the Fund regularly so as to make sure that the prevailing law has been fully complied with in the Fund, and
- (e) To prepare byelaws for financial administration and auditing of the Fund according to the prevailing laws and international accounting norms and to introduce it to the Committee for approval.

**43. Auditing of Account of the Fund:** (1) The Auditor General or an auditor designated by him/her shall conduct auditing of the Fund at the end of each fiscal year.

- (2) Government of Nepal may inspect or cause to be inspected accounts of the Fund whenever it deems appropriate.
- (3) The financial statement of the fund shall be certified by internationally recognized external auditor as deemed appropriate by the Committee.

**44. Provisions concerning Management and Investment of Financial Assets of the Fund:** (1) Financial Assets of the Fund shall be used as follows:-

- (a) Reimburse the guaranteed deposit and operate credit guarantee function pursuant to this Act and prevailing laws,
- (b) Expenses for the execution of reimbursement process,
- (c) Administrative and other financial expenses,
- (d) Settlement of all the liabilities and loans obtained by the Fund to meet the purpose defined on Section (a), (b) and (c).

(2) The investment of financial assets of the Fund shall be as follows:-

- (a) Investing on securities or debt instruments issued by Government of Nepal or Nepal Rastra Bank on Nepalese or foreign currency,
- (b) Term deposit at Nepal Rastra Bank,
- (c) Investment on uncompetitive auction transaction of securities issued by Government of Nepal or Nepal Rastra Bank,
- (d) Term Deposit at “A” class commercial bank operating at profit for consecutive 5 years.

(3) The financial assets of the Fund shall be managed as follows:-

- (a) Investment shall be done on safe and highly liquid sector rather than profitability.



- (b) Investment shall be done on financial assets within acceptable level of risk.
  - (c) Investment shall be done on assets which can be liquidated immediately as required.
- (4) Other Provisions on Mobilization of financial resources of the fund shall be as follows:-
- (a) As per the liquidity position, the Fund may sell, on the condition of repurchase, the liabilities instruments issued by the Government of Nepal or Nepal Rastra Bank.
  - (b) The Fund shall enter into a liquidity agreement with the Ministry and Nepal Rastra Bank within the terms and conditions of the agreement regarding to the additional financial means as deemed necessary for the fulfillment of reimbursement process as prescribed.
  - (c) On the agreement pursuant to Section (b), the financial source to fulfill reimbursement process shall have to be mentioned.
- (5) While managing its financial assets, the Fund shall have to manage it in such a manner that it would be effective, economical, less risky and to be easily converted into liquid in case of necessity.
- (6) The Fund may take part in the uncompetitive auction of securities issued by Government of Nepal or the Nepal Rastra Bank.
- (7) With the objective of ensuring the reimbursement function, while managing financial assets of the Fund, the investment policy shall be based on the principle of more security and liquidity than profitability.

## Chapter-7

### **Provision Concerning Monitoring and Actions**

45. **Monitoring may be Conducted:** (1) The fund shall, where it deems necessary conduct monitoring to the guarantee member institution in order to ascertain the accuracy of documentation submitted by the member institutions related to deposit and credit guarantee through the on-site monitoring of the member institution.
- (2) The fund shall specifically verify to the member institutions' financial statement, statistics, notices, the accuracy of calculation and assessment of the annual guaranteed premium amount, database of depositors and deposits, as well as the accuracy of public information on the deposit guarantee scheme to meet the objective referred on sub-Section (1).
- (3) In the event, a monitoring process is conducted by officials representing the Fund and details are asked or other information is sought pursuant to sub-Section (1), it shall be the duty of the concerned guaranteed member institution to assist the monitoring task and avail details or information sought by such official.
- (4) In case the Fund is going to conduct monitoring process pursuant to sub-Section (1) to guaranteed member institution, information thereof shall have to be given to the Nepal Rastra Bank.
- (5) The Fund shall, when deemed as appropriate, request to the Nepal Rastra Bank the involvement of its staff in the on-site examinations carries out to the member institutions.
- (6) In case the request referred on sub-Section (5) is received, Nepal Rastra Bank shall involve staff of

the Fund on monitoring and inspection of the guaranteed member institution.

**46. Fine may be Imposed:** (1) In case any member institution is found to have submitted incomplete or false statements to the Fund with the intention of avoiding to pay or not paying the annual guarantee fee during monitoring pursuant to Article 45 or got information by any means on intention of avoiding to pay or not paying the annual guarantee fee, the Fund may penalize to file such amount and impose fine on such member institution equal to the amount intended to avoid or not to pay.

(2) The guaranteed member institution shall have to make payment of the fine imposed pursuant to sub-Section (1) before the next guarantee fee payment due date.

(3) The Fund may impose additional penalty of 0.2 percent on the prescribed guarantee fee to the guaranteed member institution which fails to maintain the capital adequacy ratio prescribed by Nepal Rastra Bank.

(4) While imposing additional penalty pursuant to sub-Section (3), financial statement submitted pursuant to Article 26 and capital adequacy chart verified by Nepal Rastra Bank is taken under consideration.

**47. Sending in Writings for Information:** (1) The Fund shall send the written information to Nepal Rastra Bank pertaining to the following actions of guaranteed member institution including the related thereto and required documents:-

(a) Not filing application pursuant to Article 18,

(b) Not paying guarantee fee pursuant to Article 21,

(c) Not paying special contribution pursuant to Article 23,

(d) Not paying late fees pursuant to Article 25,

(e) Not filing information and reports pursuant to Article 26,

- (f) Not submitting financial statements pursuant to Article 28,
  - (g) Not paying other penalties or annual guarantee fee pursuant to this Act, or
  - (h) Submitting false statistics and information related to deposit, depositor and annual guarantee fee.
- (2) If any bank or financial institution licensed by Nepal Rastra Bank does not apply to acquire membership of guaranteed member institution, such information shall also have to furnish to Nepal Rastra Bank.
  - (3) Nepal Rastra Bank upon receipt of such information pursuant to sub-Section (3), shall have to take action as per prevailing laws to such guaranteed institution.
- 48. May Appeal in the Court:** The party having dissatisfaction against the decision taken to penalize pursuant to Article 46 or any decision taken pursuant to this Act or any order conferred by the Fund, can appeal at the high court, within 35 days of receiving of such decision or information of the order.

## **Chapter-8**

### **Provisions relating to Chief Executive Officer and the Employees**

- 49. Chief Executive Officer:** (1) Government of Nepal shall appoint a Chief Executive Office to work as administrative head of the Fund.
- (2) Government of Nepal shall form a selection Committee for making recommendation for appointment of the Chief Executive Officer as follows:-
    - (a) Gazetted Special Class Officer or equivalent from Civil Service appointed by the Government of Nepal -Coordinator
    - (b) Joint Secretary, Ministry of Finance -Member
    - (c) Executive Director, Nepal Rastra Bank-Member

- (3) The Committee referred to in sub-Section (2) shall make recommendation of three persons through open competition of prescribed manner from among persons who have secured at least Master's Degree in Economics, Commerce, Management, Commercial law, Accountancy, Banking, or Insurance or having Chartered Accountancy Degree and having had the work experience in the field of economics, banking, insurance or financial sector of at least more than five years as in the position of at least second class officer or equivalent for appointment.
- (4) The Government of Nepal shall, from amongst the persons recommended by the selection Committee pursuant to sub-Section (3), appoint an appropriate person to the position of Chief Executive Officer having evaluated the qualification, experience and leadership capacity of all those persons.
- (5) Provided that Government of Nepal may, until the Chief Executive Officer is appointed pursuant to sub-Section (4), designate or depute any officer of gazetted second class or equivalent of Government of Nepal or of Nepal Rastra Bank or any officer working at the Fund, to work as in the post of the Chief Executive Officer.
- (6) The term of office of the Chief Executive Officer shall be of four years.
- (7) Notwithstanding anything contained on sub-Section (6) Government of Nepal may remove the Chief Executive Officer from the office in any of the following circumstances:-
  - (a) In case he/she lacks work efficiency to carry out or cause to be carried out the functions to be carried out according to this Act,
  - (b) In case he/she is found to have dishonesty or malafide intention in the functioning of the Fund,
  - (c) If he/she does not act according to the code of conduct of his/her office

- (d) If he/she could not carry out functions according to the work performance agreement executed pursuant to Article 50, and
  - (e) If his/her work performance is not satisfactory.
- (8) Before removing the Chief Executive Officer from his/her position pursuant to sub-Section (7), the Ministry shall form an inquiry Committee as specified in convenership of the member.
  - (9) The Committee so formed pursuant to sub-Section (8) shall furnish the report within one month to the Ministry.
  - (10) The Chief Executive Officer shall not be allowed to carry on his/her official responsibilities once the inquiry Committee pursuant to sub-Section (8) is formed.
  - (11) Before removing from the position, the Chief Executive Officer shall be provided adequate opportunity to defend himself/herself.
  - (12) The terms, condition, remuneration and other benefits of the Chief Executive Officer shall be as specified.

**50. Work Performance Agreement is to be Executed:** (1) The Ministry shall execute a work performance agreement with the Chief Executive Officer appointed pursuant to Article 49.

- (2) While executing the work performance agreement pursuant to sub-Section (1), the functions to be carried out by the Chief Executive Officer, its action plan and provisions of monitoring and evaluation indicators shall also be stated in the work performance agreement.
- (3) The Chief Executive Officer shall have to submit a report to the Committee according to the work performance agreement in every six months within fifteen days after the lapse of the period of six months.
- (4) With regard to the report received pursuant sub-Section (3), the Committee shall form a sub-Committee as may be required and complete the evaluation within fifteen days.

- (5) The report on evaluation done pursuant to sub-Section (4) shall submit to Ministry within 7 days.

**51. Functions, Duties and Powers of the Chief Executive Officer:**

(1) In addition to the functions, duties and power mention elsewhere in this Act, the Chief Executive Officer shall have the following functions, duties and powers:-

- (a) To execute or cause to be executed decisions of the Committee,
- (b) To formulate the strategic development plan and submit it to the Committee for approval,
- (c) To formulate the annual statement of income and expenditure as well as annual financial report and submit to the Committee for approval,
- (d) To execute or cause to be executed the strategic development plan and annual programs approved by the Committee,
- (e) To submit the progress report containing the functions carried out by the Fund to the Committee in a periodic basis,
- (f) To conduct and manage daily financial and administrative function of the Fund and to oversee, control, direct, monitor and supervise the subordinate staff,
- (g) To set annual goals for different department, branches and offices of the fund and cause to be performed accordingly.
- (h) To prepare and present long term and short term plans and programs to the Committee,
- (i) To execute or cause to be executed the approved plans and programs as per set goals,
- (j) To prepare and present report on evaluation of the work performance and quarterly financial report of the Fund to the Committee,

- (k) To purchase or lease building, land or machinery and other equipment as per approved budget and have maintenance of the same.
- (l) To sign contract agreement with individual, firm or company for the financial transaction of the Fund,
- (m) To receive loan as prescribed by the committee as per need of the Fund and following prevalent company laws while taking such loans,
- (n) To select agent bank on payment process based on outlined terms and condition by the Committee,
- (o) To do other functions as prescribed pertaining to operation of the Fund.

**52. Provisions Related to the Employees:** (1) The Fund shall have employees in required number for effectively carrying out of the activities of the Fund.

(2) Recruitment, remuneration and other terms of services of the employees engaged in the Fund shall be as prescribed.

(3) The Fund shall hire specialized service on contract specifying the term of service as deemed necessary.

(4) The terms and conditions of services, remuneration and other provisions of the specialized service so hired pursuant to sub-Section (3) shall be as referred to in the contract.

(5) Employees may be hired on service contract subject to the criteria and conditions determined by the Board under the approved positions.

## **Chapter-9**

### **Miscellaneous**

**53. The Fund and Nepal Rastra Bank to Carry out Collaborative**

**Work:** (1) The Fund and Nepal Rastra Bank shall, in order to achieve the objective of public policies of both institutions and to ensure the confidence of general public towards the financial sectors,



carry out the following functions to have mutual coordination and cooperation:-

- (a) To enter into necessary agreement for exchange of statistics or information,
- (b) To extend cooperation during the licensing process to bank and financial institution and while granting deposit guarantee membership certificate,
- (c) Informing the Fund while subjecting any bank or financial institution to prompt corrective actions or declaring problematic by Nepal Rastra Bank,
- (d) Nepal Rastra Bank to give information to the Fund while against any bank or financial institution as to patronage, potential receiver or liquidation system,
- (e) To exchange information to each other at earliest if either of them perceives any information of potential threat to the financial instability,
- (f) Nepal Rastra Bank to inform the Fund if any bank or financial institution is restricted to collect deposits, license is revoked or taken control of the management thereof.

**54. Delegation of Authority:** (1) The Committee may delegate some of its authority to the chairperson, member, or the sub-Committee formed by the Committee pursuant to Article 13 or to the Chief Executive Officer.

(2) The Chief Executive Officer may delegate some of the authority vested in him/her to any official of the Fund.

**55. Provisions Concerning Exchange of Cooperation:** The Ministry and the Fund may, having entered into agreement related to liquidity management, cooperate in exchange of necessary information, statistics, and expert services.

**56. Directives may be Issued :** Government of Nepal may issue directives related to deposit and credit guarantee to the Fund as deemed necessary.

**57. Confidentiality to be Maintained:** (1) No Chairman, member, Chief Executive Officer or any employee of the Fund or a person

working on contract with it shall have to carry out any of the following acts without prior authorization of the Fund:-

- (a) Disclosure or publication of statistics or information as to his/her functions, and
  - (b) Utilization of such statistics or information for personal gain.
- (2) Notwithstanding anything contained on sub-Section (1), making requested information available while required by an authorized agency shall not be deemed to have violated the confidentiality.

**58. Actions not to be Invalid:** No act of the Fund or Committee shall be invalid solely for the reason of non-fulfillment of any procedures in the appointment of the chairperson member or Executive Director or in the formation of the Committee or due to the position of Chairman or the member being vacant.

**59. Saving of Acts Done in Good Faith:** (1) No Chairman, Member, Chief Executive Officer or any employee of the Fund shall be personally or collectively liable for any act done in good faith according to this Act or Rules or by laws framed under this Act.

Provided that he/she shall be personally liable for any act committed knowingly or with malafide intention.

(2) If any case is filed against the Chairman, Member, Chief Executive Officer or any employee of the Fund for any act committed in good faith under this Act or Rules or by laws framed there under, the Fund shall bear the costs for such litigation.

Provided that the Fund shall not be liable to pay for any lawsuit filed against the act committed knowingly or with malafide intention.

**60. Report to be Submitted:** The Fund shall, within six months from the date of completion of every fiscal year, submit its annual report to the Ministry and a copy thereof shall be furnished to Nepal Rastra Bank as well.

**61. Liaison with Government of Nepal:** The Fund shall liaise through the Ministry while contacting with Government of Nepal.

**62. Conversion to the Fund by Default:** Deposit and Credit Guarantee Corporation (Pvt.) Ltd. established under Company Act, 2063 is converted to the Fund by default with the commencement of this Act.

**63. The Fund may be Dissolved:** (1) Government of Nepal may dissolve the Fund in case it fails to make payment of claims of deposit and credits guaranteed under this Act.

(2) In case the Fund is dissolved pursuant to sub-Section (1), the responsibility of the assets and liabilities of the Fund shall belong to Government of Nepal.

**64. To be as per this Act:** Notwithstanding anything contained in the prevailing Nepalese law, it shall be as per this Act on the matters dealt with in this Act.

**65. Power to Frame Rules:** (1) Government of Nepal may frame necessary Rules in order to execute objectives of this Act on following subject:-

(a) Service, term, remuneration and other benefits of Chief Executive Officer,

(b) Concerning Deposit Guarantee,

(c) Concerning Credit Guarantee,

(d) Concerning Special Contribution, and

(e) Concerning guarantee of other sectors as specified by Government of Nepal.

**66. Power to Frame By Laws:** (1) The Fund may, in order to well manage its functioning, frame necessary by laws which will not be inconsistent with the Act and Rules framed under this Act.

(2) Without prejudice to the generality of sub-Section (1), the Committee may frame necessary by laws in the following matters:-

(a) Concerning the compensation process, claim payment and reimbursement process,

(b) Concerning investment policy,

(c) Concerning the annual guarantee fee to be paid by guaranteed member institution,

(d) Concerning membership certificate and accuracy verification methodology,

(e) Concerning conditions of service of employees of the Fund,

- (f) Concerning financial, administration and auditing of the Fund,
  - (g) Concerning procurement process of goods and services,
  - (h) Concerning Agent Bank and financial liquidator,
  - (i) Concerning employees by laws, human resource employment relation and terms of employment contract,
  - (j) Concerning the process of Committee meeting,
  - (k) Concerning the organization structure and work performance,
  - (l) Concerning delegation of authority of job capacity and responsibility, and
  - (m) Concerning other matters required for functioning of the Fund.
- (3) While formulating Rules that cause financial burden and long-term impact on the Fund, approval of the Ministry shall have to be taken.

**67. Directives and Procedures are to be Formulated and Implemented:** The Committee may, in order to execute the objectives of this Act and to make its functioning transparent, simple and clear, frame necessary Directives and procedures from time to time subject to this Act or Rules or Byelaws framed there under.

**68. Saving:** (1) The acts carried out and actions taken prior to the commencement of this Act by the Deposits and Credits Guarantee Corporation (Pvt.) Ltd. incorporated under the Companies Act, 2006 shall be deemed to have been taken under this Act.

(2) It is assumed that assets including movable and immovable, liabilities and employees working on the Deposit and Credit Guarantee Corporation (Pvt.) Ltd. referred in sub-Section (1) shall be converted to the Fund by default.

(3) The General Manager working at Deposit and Credit Guarantee Corporations (Pvt.) Ltd referred in sub-Section (1) shall continue to work as Chief Executive Officer of the Fund till his/her remaining term.