

## **Directive No. MFI/6/1996**

### LICENSING AND SUPERVISION OF THE BUSINESS OF MICRO-FINANCING INSTITUTIONS

#### INVESTMENT IN EQUITIES OF ALLIED ACTIVITIES

##### 1. Issuing Authority

These directives are issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 41 of the Monetary and Banking Proclamation No. 83/1994 and by Article 25 of the Licensing and Supervision of the Business of Micro-financing Institutions Proclamation No. 40/1996.

#### Investment in Allied Activities

Licensed institutions may invest in equities of allied activities provided that the total investment shall not exceed ten percent (10%) of the equity capital of the institution.

The equity investment of a licensed institution in any single enterprise shall be limited to three percent (3%) of the net worth of the institution.

Allied activities include: -

- Bank, financial institutions and non-bank financial intermediaries;
- Warehousing and other pre/post-harvest facilities;
- Agricultural inputs and farm equipment distribution;
- Trucking and transportation of agricultural products;
- Other activities as may be determined by the National Bank of Ethiopia.

These directives shall enter into force as of 21st day of October 1996.