

9 (1) Where the Monetary Board is satisfied that any licensed commercial bank has —

- (a) failed to commence business within nine months of the issue of the license under section 5; or
- (b) failed to pay any debts incurred by it, on such debt becoming due; or
- (c) had a petition or action for relief filed against such licensed commercial bank, and has had appointed in respect of such bank under any bankruptcy law or any other law which provides for relief of debtors or which relates to debtors, a liquidator or receiver; or
- (d) ceased to carry on banking business; or
- (e) contravened any provisions of this Act or any direction, order or other requirement imposed under this Act; or
- (f) furnished false, misleading or inaccurate information or documents to the Monetary Board or in the case of a proposed company the applicant for the licence has furnished such information or documents in connection with its application for the licence; or
- (g) carried on, or is carrying on, its business in a manner likely to be detrimental to the interests of its depositors;

the Monetary Board may give notice that it would cancel the licence issued to such bank and shall communicate such notice to such licensed commercial bank.

(2) A licensed commercial bank may tender objections in writing to the Monetary Board against the notice of intended cancellation under subsection (1), within fourteen days of the date of receipt of such notice, giving reasons why the licence issued to it under section 5 shall not be so cancelled.

(3) The Monetary Board may, within thirty days from the last date for tendering objections under subsection (2), after considering the objections if any, tendered to it under that subsection and after hearing the licensed commercial bank in support of its objections, either withdraw the notice given under subsection (1) with or without conditions or cancel the license issued to the licensed commercial bank, and shall notify the bank in writing accordingly.

(4) A licensed commercial bank aggrieved by a decision of the Monetary Board made under subsection (3) to impose conditions on the withdrawal of the notice given under subsection (1) or to cancel its licence, may within fourteen days of the date of receipt of the notification given under that subsection, appeal against such decision to the Court of Appeal.

(5) Until rules are made under Article 136 of the Constitution of the Democratic Socialist Republic of Sri Lanka relating to appeals under this section, the rules

made under that Article relating to the hearing of applications by way of revision to the Court of Appeal, shall apply to every appeal made under this section.

(6) The Court of Appeal may on appeal made to it under subsection (4) confirm, reverse, modify or set aside the decision against which the appeal is made and may make any other order as the interests of justice may require.

(7) Without prejudice to subsection (1), the Monetary Board may, where it is satisfied that any licensed commercial bank incorporated outside Sri Lanka has had its licence or authority to operate in the country in which such bank was incorporated cancelled or withdrawn by the appropriate authority or regulatory body of that country, cancel the license issued to the bank under this Part and shall notify the bank accordingly.

(8) (a) A cancellation of a licence of a licensed commercial bank under subsection (3) shall take effect—

- (i) where the bank does not prefer an appeal against such cancellation under subsection (4), on the expiration of the period for tendering such appeal; or
- (ii) where an appeal has been preferred against such cancellation, on the confirmation of the decision of the Monetary Board by the Court of Appeal or the Supreme Court, as the case may be;

(b) A cancellation of a license of a licensed commercial bank under subsection (7), shall take effect from the date of the receipt by the bank of the notification under that subsection.

(9) Where a cancellation of a licence of a licensed commercial bank has taken effect under paragraph (a) or paragraph (b) of subsection (8), the Monetary Board shall, as soon as possible publish once in the Gazette in Sinhala, Tamil and English languages and once in a Sinhala, Tamil and English daily newspaper circulating in Sri Lanka, a notification of the cancellation of such licence.

Directions of Board where notice of cancellation is issued.

10. (1) Where notice for the cancellation of a license has been issued by the Monetary Board under subsection (1) of section 9, the Board may give directions to the licensed commercial bank—

- (a) prohibiting it from dealing with or disposing of its assets in any manner specified in such direction;
- (b) prohibiting it from entering into any transaction or class of transactions so specified; or
- (c) prohibiting it from soliciting deposits.

(2) Whereas a licensed commercial bank has failed to comply with the directions issued under subsection (1) the Monetary Board may further direct—