

- (4) by the addition, immediately after subsection (9) thereof, of the following:-

“(10) The Central Bank may require a licensed commercial bank to maintain additional capital as the Central Bank may consider appropriate having regard to the specific risks emanating from the business of such licensed commercial bank.”.

Replacement of  
section 21 of the  
principal  
enactment

**14.** Section 21 of the principal enactment is hereby repealed and the following is substituted therefor: -

“Liquid  
Assets

21. (1) Every licensed commercial bank shall, at all times maintain liquid assets that are required to meet its liabilities as may, from time to time, be determined by the Central Bank and comply with the requirements on liquidity having regard to the developments in the regulatory requirements, and the Central Bank shall, as far as practicable, adopt international standards applicable on liquidity requirements of such licensed commercial bank.

(2) Without prejudice to the provisions of subsection (1), the Central Bank may, from time to time, determine additional liquid assets required to be maintained by any licensed commercial bank to meet liabilities and it shall be the duty of every licensed commercial bank to maintain such assets in such ratios as may be directed by the Central Bank.”.

Replacement of  
section 22 of the  
principal  
enactment

**15.** Section 22 of the principal enactment is hereby repealed and the following is substituted therefor: -

“Payment of dividends 22. The Central Bank may, from time to time, having considered the capital or liquidity levels of a licensed commercial bank, issue directions to such licensed commercial bank imposing conditions to be met by such bank prior to declaring or paying dividends, whether scrip or otherwise, or transfer of profits earned in Sri Lanka, outside Sri Lanka.”.

**16.** The following section is hereby inserted immediately after section 22 of the principal enactment and shall have effect as section 22A of that enactment:-

Insertion of section 22A in the principal enactment

“Central Bank to designate foreign currency to be used in offshore banking business 22A. The Central Bank may, by Order designate any foreign currency for the purpose of carrying on offshore banking business.”.

**17.** Part IV of the principal enactment is hereby repealed.

Repeal of Part IV of the principal enactment

**18.** Section 35 of the principal enactment is hereby repealed and the following is substituted therefor:-

Replacement of section 35 of the principal enactment

“Preparation of financial statements by licensed commercial banks 35. Every licensed commercial bank shall maintain accounts and records and prepare financial statements in accordance with applicable accounting standards. The financial statements of a licensed commercial bank shall represent a true and accurate assessment of the bank’s affairs and reflect its operations and financial condition both on a solo and consolidated basis.”.

Repeal of  
section 36 of the  
principal  
enactment

**19.** Section 36 of the principal enactment is hereby repealed.

Repeal of  
section 37 of the  
principal  
enactment

**20.** Section 37 of the principal enactment is hereby repealed.

Replacement of  
section 38 of the  
principal  
enactment

**21.** Section 38 of the principal enactment is hereby repealed and the following is substituted therefor:-

“Publication  
of financial  
statements by  
licensed  
commercial  
banks

38. (1) Every licensed commercial bank incorporated or established within Sri Lanka shall,-

- (a) transmit within three months after the closure of its financial year, to the Director of Bank Supervision, its audited financial statements in solo and consolidated basis for such financial year in respect of its business in and outside Sri Lanka;
- (b) exhibit such statements in a conspicuous place at each of its places of business until the solo and consolidated financial statements for the succeeding financial year are prepared and exhibited; and
- (c) publish such statements at least once within the period specified in paragraph (a) in at least one

Sinhala, Tamil and English daily newspaper circulating in Sri Lanka, and in the official website of the respective bank.

(2) Every licensed commercial bank incorporated outside Sri Lanka shall,-

- (a) transmit within three months after the closure of its financial year, to the Director of Bank Supervision, its audited financial statements for such financial year in respect of its business in Sri Lanka;
- (b) exhibit such statements in a conspicuous place at each of its places of business until the financial statements for the succeeding financial year are prepared and exhibited; and
- (c) publish such statements at least once within the period specified in paragraph (a) in at least one Sinhala, Tamil and English daily newspaper circulating in Sri Lanka, and in the official website of the respective bank.

(3) The Central Bank may specify the form of the financial statements referred to in subsections (1) and (2) including any disclosure requirements to be made and where such form is specified, the financial statements of every licensed commercial bank shall be prepared in such form.

(4) Where the Central Bank determines that a disclosure made under subsection (3) does not contain information which is required to contain or is otherwise false or misleading, the Central Bank may, by notice in writing, require such bank –

- (a) to publish a disclosure statement including the information that was previously omitted;
- (b) to publish a disclosure statement without including false or misleading information; or
- (c) to take such other corrective action as may be specified in the notice.”.

Amendment of  
section 39 of the  
principal  
enactment

**22.** Section 39 of the principal enactment is hereby amended as follows:-

- (1) in subsection (1) thereof, -
  - (a) by the substitution in paragraph (a), for the words “the accounts balance sheet and profit and loss account” of the words “financial statements”;
  - (b) by the substitution in paragraph (b), for the words “the accounts, balance sheet and the profit and loss account” of the words “financial statements”;
- (2) by the insertion, immediately after subsection (1) thereof, of the following:-

“(1A) Where there are findings which to the knowledge of the auditor in the performance of his duties under this Act, that-

- (a) losses have been incurred or likely to incur which may materially reduce the capital of any licensed commercial bank;
- (b) irregularities have been occurred in such bank, including the engagement of such bank in unsound or unsafe practices in carrying on of its business which is likely to jeopardize the interests of its depositors and creditors; or
- (c) the obligations to the depositors and creditors of such bank are not sufficiently covered by the assets of such bank,

the auditor shall immediately report such findings or any other matter that can materially affect the safety and soundness of the licensed commercial bank to the Director of Bank Supervision.”;

- (3) by the repeal of subsection (2) thereof, and the substitution therefor of the following:-

“(2) Every report specified in subsection (1) which shall be completed within two months of the end of the financial year, shall contain a statement by the auditor as to whether in his opinion the financial statements contain a true and fair view of the bank’s financial position including the compliance with the provisions relating to issuing of financial statements and making disclosures by a licensed commercial bank and where the auditor