

- (d) any intangible personal property and any income or interest thereon held in a fiduciary capacity for the benefit of another person;
- (e) any contents of a safe deposit box upon which the rental period has expired and concerning which notice has been sent by registered post to the last known address of the lessee and to which the lessee has failed to respond within three years.

Abandoned property to be transferred to a special account.

**73.** (1) Any licensed commercial bank holding any abandoned property referred to in section 72, shall make a report to the Monetary Board in such form as the Monetary Board may determine stating the nature of the articles held and in the case of money, the amount of money.

(2) Notwithstanding anything in any other law, all monies included in the report shall, if the Monetary Board directs, be transferred by the licensed commercial bank to a special account in the Central Bank and may be utilised by the Monetary Board for such purposes as may be determined by the Monetary Board after consultation with the Minister.

(3) The articles included in the report that do not fall under subsection (2) shall be referred by the Monetary Board to the Minister for such action as he shall prescribe.

Publication of notice regarding abandoned property.

**74.** Within thirty days from the submission of the report required by subsection (1) of section 73, the licensed commercial bank shall publish a notice in the Sinhala, Tamil and English daily newspapers stating the name of the owner and particulars concerning the property and shall dispatch, by registered post a notice to the owner to his last known address containing particulars concerning the property, provided that the Monetary Board may exempt the licensed commercial bank from the mailing of such notice upon the licensed commercial bank showing reasonable cause therefor.

Repayment by the Central Bank

**75.** (1) Where any person furnishes proof to the satisfaction of the Monetary Board that moneys lying to the credit of an account which was in his name or in the name of a person from whom he derives title, have been transferred to a special account in the Central Bank under section 73, shall, subject to such terms, conditions or restrictions as are imposed in respect of such money by or under any written law, be entitled to the repayment of such moneys by the Central Bank together with the interest payable on such moneys up to the date of such repayment, in accordance with such rates and conditions as are applicable to the account to the credit of which such money were lying before they were transferred to the special account in the Central Bank.

Failure to deliver property presumed to be assumed to be abandoned to be an offence.

**76.** Any licensed commercial bank which fails to file the report or to pay or deliver property presumed to be abandoned as required by section 74 shall be guilty of an offence under this Act.

## PART IXA LICENSED SPECIALISED BANKS

Licensing certain  
institutions  
[ § 31, 33 of 1995.]

**76A.** (1) From and after such date as may be determined by the Minister by Order published in the *Gazette*, the business of accepting deposits of money and investing and lending such money shall not be carried on except by a company which has an equity capital in an amount not less than fifty million rupees and under the authority of a license issued by the Monetary Board for such purpose under this Part of this Act:

Provided however, the requirement to obtain a license shall not apply in respect of a company registered as a Finance Company under Finance Companies Act, No. 78 of 1988, a Co-operative Society registered under the Co-operative Societies Law, No. 5 of 1972, a building society incorporated under the National Housing Act (Chapter 401) and to a company licensed as a licensed commercial bank under the provisions of this Act and to any organisation established or registered under any written law, not being an organisation established primarily for the purpose of making profit, which accepts deposits only from its registered members and has obtained permission in writing from the Monetary Board to accept such deposits and to invest or lend the monies so accepted.

(2) Where such company is a company incorporated outside Sri Lanka, no license shall be issued under this Part of this Act unless such company has complied with the provisions of part XIII of the Companies Act, No. 17 of 1982.

(3) Notwithstanding the provisions of subsections (1) and (2) of this section and of section 76B, all institutions specified in Schedule III of this Act, shall be issued a licence in accordance with the provisions, of this Part of this Act on or after the date determined by the Minister under subsection (1).

(4) Any company carrying on business in contravention of subsection (1), shall be guilty of an offence under this Act.

[ § 24 , 2 of 2005.]

(5) For the purposes of this section “ company ” shall have the same meaning as defined in 449 of the Companies Act, No. 17 of 1982 and includes a company duly incorporated outside Sri Lanka, or a body corporate formed in pursuance of any statute of any foreign country, Royal Charter or letters patent and a body corporate established by or under any written law and shall not include a private company incorporated outside Sri Lanka; and “equity capital” shall have the same meaning as in subsection (2) of section 19 of this Act and for that purpose, the reference in that subsection to a licensed commercial bank shall be deemed to be a reference to a licensed specialised bank.

Application for licence.  
[ § 25 , 2 of 2005.]

**76B.** The provisions of section 3 shall, *mutatis mutandis*, apply in respect of an application made for a license under this Part as they apply in respect of an application made under Part I and for that purpose any reference to "banking business" in that section shall be deemed to be a reference to the business of accepting deposits of money and investing and lending such money, and any reference to section 5 shall be deemed to be a reference to section 76c.

Issue of license.  
[ § 26 , 2 of 2005.]

**76C.** The provisions of section 5 shall, *mutatis mutandis*, apply to the issue of a license under this Part as they apply to the issue of a license under Part I and for that purpose any reference to "banking business" in that section shall be deemed to be a reference to the business of accepting deposits of money and investing and lending such money.

Forms of business to be carried on by a licensed specialized bank and payment of annual license fee.  
[ § 27 , 2 of 2005.]

**76D.** (1) Any company which has been issued with a license under this Part shall be referred to as a "licensed specialised bank

(2) A licensed specialised bank may carry on such forms of business as are specified in Schedule IV of this Act subject to such restrictions expressly stipulated in the licence or as may be imposed by or under any written law.

(3) The Monetary Board may authorise a licensed specialised bank which satisfies the requirements prescribed by regulations made by the Minister under section 82 to carry on off shore banking business in accordance with such off shore banking scheme formulated for licensed specialised banks by the Monetary Board and where a licensed specialised bank is authorised to carry on offshore banking business the provisions of Part IV shall, *mutatis mutandis*, apply to such licensed specialised bank as they apply to a licensed commercial bank.

(4) A licensed specialised bank shall not carry on its business in any place other than that specified in the license except with the prior written approval of the Monetary Board.

(5) A licensed specialised bank carrying on business under the authority of a license issued under this Part shall be deemed not to act in contravention of section 2 of the Finance Companies Act, No. 78 of 1988.

(6) Every licensed specialised bank shall pay to the Central Bank an annual licence fee as may be determined by the Monetary Board and the Monetary Board may determine different licence fees for different categories of licensed specialised banks.

Register of Specialized banks  
[ § 31, 33 of 1995]

**76E.** The Monetary Board shall keep and maintain in the prescribed form a register of every institution licensed as a licensed specialised bank under this Part of this Act.

**76F.** (1) The provisions of section 9 shall, *mutatis mutandis*, apply in respect of a licensed specialised bank as they apply in respect of a licensed commercial bank and for that purpose any reference therein to a licensed commercial bank shall be deemed to be a reference to a licensed specialised bank, and any reference therein to section 5 shall be deemed to be a reference to section 76C, and any reference therein to banking business shall be deemed to be a reference to the business of accepting deposits of money and investing and lending such money.

(2) Nothing contained in subsection (1) shall in any way affect the powers conferred on the Monetary Board or the Director of Bank Supervision by section 76M

Equity capital to be maintained by a licensed specialized bank.  
[§ 4, 15 of 2006 ]

**76G.** (1) Subject to the provisions of subsection (3), every licensed specialized bank shall at all times maintain an equity capital in an amount not less than fifty million rupees or such other amount as the Monetary Board may, with the concurrence of the Minister, from time to time determine, having regard to the viability and stability of the banking system and the interest of the national economy.

(2) For the purpose of this section “equity capital” shall have the same meaning as is assigned to it in subsection (2) of section 19.

(3) (a) The Monetary Board may, vary from time to time the amounts specified as the minimum amounts required to be maintained by a licensed specialized bank as equity capital under subsection (1) of this section having regard to –

- (i) the deposit liabilities or to the total liabilities including contingent liabilities or to the total assets or to any specified category of assets, of a licensed specialised bank; or
- (ii) the viability and stability of the banking system and the interest of the national economy.

(b) For the purpose of computing the minimum required equity capital, when such amount is prescribed with reference to liabilities or assets both capital and liabilities or assets shall be of such kind and computed in such manner as the Monetary Board may from time to time determine having regard to the interest or national economy.

(c) The Monetary Board shall, in writing, communicate to all licensed specialized banks any variation made by it in respect of the equity capital required to be maintained by a licensed specialised bank.

(d) Where any licensed specialized bank is required by such variation to augment its equity capital, it shall upon application to the Monetary Board, be afforded a period of twelve months, or such longer period as may be granted by the Monetary Board, in which to comply with that requirement.

- (5) In the case of licensed specialised bank incorporated or established in Sri
- (6) Lanka by or under any written law, the limit of foreign participation in the capital of such bank, shall at no time exceed the limit, established from time to time, by the Monetary Board.

(5) A licensed specialised bank shall not reduce its equity capital without the prior written approval of the Monetary Board

(6) A licensed specialised bank shall not create any charge upon any unpaid capital of such bank and any such charge created in contravention of these provisions shall be null and void.

(7) (a) Every licensed specialised bank shall at all times maintain a capital adequacy ratio as may be determined by the Monetary Board, which shall in determining such ratio to be maintained, as far as practicable adopt the guidelines for capital adequacy set out by bank for international Settlements in Basle.

(b) Any variation in the capital adequacy ratio referred to in paragraph (a) shall be communicated to every licensed specialised bank by the Monetary Board in writing, provided that every licensed specialised bank which is required by such variation to augment its capital, shall be afforded a period of twelve months or such longer period as may be granted by the Monetary Board, in which to comply with such requirement.

(8) Where the equity capital or capital funds of a licensed specialised bank have become deficient in terms of the provisions of the preceding subsections, the Monetary Board may, grant a reasonable period of time for the rectification or such deficiency.

**76H.** The provisions of Part V, Part VI of this Act shall, *mutatis mutandis*, apply to a licensed specialised bank as they apply to a licensed commercial bank.

**76J.** (1) Notwithstanding the provisions of any other law, the Monetary Board may give directions to licensed specialised banks or to any category of licensed specialised banks, regarding the manner in which any aspect of the business of such banks is to be conducted and in particular—

- (a) maintenance of capital adequacy ratios by the licensed specialized bank of such amounts as may be determined by the Monetary Board.
- (b) the maintenance of the reserve fund of a licensed specialised bank including its reduction or impairment;
- (c) the terms and conditions under which deposits may be accepted, the maximum rates of interest payable on such deposits and the maximum periods for which deposits may be accepted and the maximum amount which may be deposited with a licensed specialised bank in the name of one person in one or more accounts;
- (d) the terms and conditions under which any loan, credit facility or any type of accommodation may be granted by such banks, the maximum rates of interest that may be charged on such loans, credit facilities or other types of accommodation and the maximum periods for which any such loan, credit facility or other type of accommodation may be granted;

Part V and Part VI to  
apply to a licensed  
specialised bank.  
[ § 29 , 2 of 2005.]

[ § 31, 33 of  
1995]

- (e) the maximum rates which may be paid to, or charged by, such banks by way of commissions, discounts, fees or other receipts or payments whatsoever;
- (f) the minimum initial payment a prospective hirer should make on any hire purchase agreement and specific different initial payments for different classes of transactions; such minimum initial payment may be expressed as a percentage of the value of the goods hired under such agreement;
- (g) the terms and conditions under which investments may be made by such banks;
- (h) the maximum permissible maturities for loans, credit facilities or other types of accommodation and investments made by such banks, and the nature and amount of the security that may be required or permitted for various types of lending, credit and investment operations;
- (i) the form and manner in which books of accounts or other records or documents are to be maintained by such banks;
- (j) the exclusion from the income of licensed specialised banks in whole or in part, unpaid interest in respect of loans granted, if such loans have become overdue;
- (k) the minimum ratio which the liquid assets of such banks should bear to the total deposit liabilities of such banks;
- (l) the maintenance of cash balances by licensed specialised banks with the Central Bank if so required by the Monetary Board, and the minimum ratio such cash balances should bear to the deposit liabilities of licensed specialised banks;
- (m) conditions which should be applicable to withdrawal by depositors of deposits before maturity;
- (n) prohibiting such banks from increasing the amount of their loans, credit facilities, other types of accommodation or investments;
- (o) fixing limits to the rate at which the amount of any loans, investments or accommodation made or granted by them may be increased within specified periods;
- (p) requiring the decrease of the amount of their loans, investments or accommodation to specified limits within a specified period;
- (q) the maximum percentage of the share capital in a licensed specialised bank which may be held—

- (i) by a company, an incorporated body, or an individual;
- (ii) in the aggregate by
  - (a) a company and one or more of the following: —
    - (aa) its subsidiary companies
    - (bb) its holding company
    - (cc) a subsidiary company of its holding company;
    - (dd) a company in which such company or its subsidiary company, or its holding company, or a subsidiary company of its holding company has a substantial interest; or
  - (b) an individual and one or more of the following: —
    - (aa) his close relation;
    - (bb) a company in which he has a substantial interest or in which his close relation has a substantial interest;
    - (cc) the subsidiary company of such company;
    - (dd) a holding company of such company;
    - (ee) a subsidiary company of such company's holding company
    - (ff) a company in which such company or its subsidiary company, or its holding company has a substantial interest; or
    - (gg) an incorporated body other than a company in which such individual or his close relation has a substantial interest:

[ § 6 , 15 of 2006.]

(c) companies in each of which an individual or a company as the case may be, has either directly or indirectly a substantial interest or a significant management interest.

Provided, however that a direction given under this paragraph shall not require the reduction of the shares of a person held in a licensed specialised bank on the date of commencement of this Part of this Act, otherwise than on a requirement imposed on such bank under the provisions of paragraph (d) of subsection (1) of section 76K or on a shareholder under the provisions of paragraph (d) of subsection (1) of section 76N;

- (r) the margins to be maintained in respect of secured advances;
- (s) the terms and conditions relating to leasing agreements between the licensed specialised bank and a lessee;
- (t) restriction on the types of activities that may be carried on by licensed specialised banks.
- (u) the limit of foreign participation in the capital of a licensed specialised bank incorporated or established in Sri Lanka.

[ § 30 2 of 2005.]

(2) The maximum rates of interest fixed by any direction under paragraphs (c) and (d) of subsection (1) shall, if so determined by the Monetary Board, apply in respect of any deposit accepted or in respect of any loan, credit facility or any other financial accommodation granted, before the date of such direction:

Provided, however, that nothing in such direction shall

- (a) apply to any interest accrued before the date of such direction in respect of any such deposit or loan, credit facility or other financial accommodation; or
- (b) require the reduction of the rate of interest payable on any deposit accepted, or loan or credit facility, or financial accommodation granted before the date of such direction, if such reduction would constitute a breach of the contract or agreement relating to such deposit, loan, credit facility or other financial accommodation, as the case may be.

(3) For the purposes of this Part of this Act, the Monetary Board may give directions where necessary to any particular licensed specialised bank in particular on such matters as are specified in subsection (1).

(4) The Monetary Board may, in its discretion, pay interest on any cash balance maintained by a licensed specialised bank in the Central Bank in pursuance of a direction issued to it under paragraph (l) of subsection (1) at such rate as may be determined by the Monetary Board.

(5) A licensed specialised bank which fails to act in compliance with a direction issued under this section or acts in contravention of such direction shall be guilty of an offence under this Act.

**76K.** The provisions of section 45 shall, *mutatis mutandis*, apply in respect of licensed specialised banks as they apply in respect of licensed commercial banks and for that purpose any reference therein to a licensed commercial bank shall be deemed to be a reference to a licensed specialised bank.

Procedure where a  
licensed specialised  
Banks following  
Unsafe practices.  
[ § 31 , 2 of 2005.]



76L. (1) The Director of Bank Supervision may at any time, examine or authorise any officer of his department to examine, the books and accounts of any licensed specialised bank.

(2) The report on any such examination shall be furnished to the Governor of the Central Bank by the Director of Bank Supervision as soon as such examination is completed. The Director of Bank Supervision may recover the costs of such examination from the licensed specialised bank.

(3) It shall be lawful for the Director of Bank Supervision or any officer authorised by him—

- (a) to administer, in accordance with the Oaths Ordinance, oaths or affirmations to any director, manager, secretary, employee or auditor of any licensed specialised bank;
- (b) to require any director, manager, secretary, employee or auditor of any licensed specialised bank to furnish all such information relating to the affairs of the bank, as the Director of Bank Supervision or any officer authorized by him may consider necessary to ascertain, for the purpose of this Act.
- (c) to require any director, manager, secretary, employee or auditor of any licensed specialised bank to produce for inspection any books, records or document relating to the affairs of the bank, in his possession or custody, which is likely to contain any such information;
- (d) in any case where there is evidence of mismanagement by a licensed specialised bank, to require any director, manager or secretary of such bank to submit the accounts of the bank for audit by an auditor authorised by the Director of Bank Supervision and to require the bank to furnish such information, or produce such books, records or documents and to pay such fees, as may be specified or authorised by the Director of Bank Supervision to such auditor.

(4) It shall be the duty of every director, manager, secretary, employee or any auditor of any licensed specialised bank to comply with any requirement imposed on him under this section and to afford to the Director of Bank Supervision or to any officer authorised by him or to any auditor authorised by him under paragraph (d) of subsection (3), access to all books and records of that licensed specialised bank including its cash balances, assets and liabilities whenever requested to do so by the Director of Bank Supervision.

(5) The Director of Bank Supervision may, where he considers it necessary to ascertain the true condition of the affairs of a licensed specialised bank and to ascertain whether such bank is carrying on business in a manner detrimental to its present or future depositors, by notice in writing require any person whom he considers to have information relating to the licensed specialised

bank, to furnish such information to him or to any officer authorized by him or to any auditor authorised by him under paragraph (d) of subsection (3) or to attend in person before him or any officer authorised by him at such place and at such date and time as may be specified in such notice, so that the person may be examined on such matters as may be specified in such notice.

(6) For the purpose of ascertaining the true condition of the affairs of the licensed specialised bank, the Director of Bank Supervision may if he thinks it necessary for the purpose of an examination under subsection (5), also examine the business of any company which is or has at any relevant time been—

- (a) a holding company or subsidiary company of the licensed specialised bank under examination;
- (b) a subsidiary company of a holding company of the licensed specialised bank;
- (c) an associate company of that licensed specialized bank,

and may exercise in relation to any such company, any of the powers conferred on him by the preceding provisions of this section.

In this subsection “associate company” when used in relation to a licensed specialised bank, means a company in which the licensed specialised bank holds ordinary shares equivalent to twenty per centum or more but less than fifty per centum of the paid up share capital of the company.

(7) Any person who fails to comply with any requirement imposed on him by the Director of Bank Supervision under subsections (5) or (6) shall be guilty of an offence under this Act.

Winding-up or  
dissolution.  
[ § 31, 33 of 1995.]

**76M.** (1) In any case where the Director of Bank Supervision is satisfied after examination by himself or by any officer authorized by him of the affairs of a licensed specialised bank, or upon information received from the bank, that it is insolvent or is likely to become unable to meet the demands of its depositors or that its continuance in business is likely to involve loss to its depositors or creditors, the Director of Bank Supervision shall make a report accordingly to the Governor of the Central Bank for submission to the Monetary Board; and if such Board, upon review of the facts and circumstances, is of opinion that action shall be taken as hereinafter provided, the Monetary Board may make an order directing the bank forthwith to suspend business and direct the Director of Bank Supervision to take all measures as may be necessary to prevent the continuation of business by such bank. Any person who obstructs the Director of Bank Supervision from taking such measures to prevent the continuation of business by such licensed specialised bank shall be guilty of an offence under this Act.

(2) Notwithstanding anything in any other written law, no action or proceeding may be instituted in any court for the purpose of securing the review or

revocation of any order made in good faith under subsection (1) or in respect of any loss or damage incurred, or likely or alleged to be incurred by reason of such order.

[ § 32 2 of 2005.]

(3) An order made by the Monetary Board under subsection (1) in respect of any licensed specialised bank shall cease to have effect upon the expiration of a period of six months from the date on which it is made and it shall be the duty of the Monetary Board as soon as practicable and in any event before the expiration of such period—

(a) to make an order permitting the bank to resume business, either unconditionally or subject to such conditions as the Monetary Board may consider necessary in the public interest; or in the interest of the depositors and other creditors of the bank; or

[ § 32 2 of 2005.]

(b) to cancel the license issued to such licensed specialised bank and —

(i) where the bank is incorporated or established within Sri Lanka by or under any written Law—

(A) proceedings for the compulsory winding up of the Bank shall commence and the provisions of Part VIII shall, *mutatis mutandis* apply to and in relation to, such winding up ; or

(B) the Monetary Board may, notwithstanding the provisions of any other written law to the contrary, in the interest of the depositors and having regard to the necessity of ensuring the stability of the financial sector, in respect of any bank whose licence has been cancelled at any time prior to the coming into operation of this paragraph vest the business carried on by such Bank (hereinafter referred to as "the defaulting bank") being business which such bank was authorized to carry on by or under this Act, or such part thereof as the Monetary Board may determine, in a State bank (hereinafter referred to as "the acquiring bank") as the case may be, which consents to such vesting. The Board shall cause such vesting to be notified to both the defaulting bank as well as the acquiring bank:

Provided however, it shall be lawful for the Monetary Board, which had within the said period of six months commenced proceedings for the winding up of a defaulting bank, to subsequently vest in the manner aforesaid, the business or part thereof, of such bank in a State Bank:

Provided further, where the license of a licensed specialized bank has, been cancelled in terms of section 30(10)(b)(i) of the Monetary Law Act, the provisions of this sub-paragraph shall *mutatis mutandis* apply thereto.

(ii) where the bank is incorporated outside Sri Lanka, the business of the bank authorised under the license issued under section 76A shall be compulsorily closed down and its affairs shall be wound up and the provisions of Part VIII shall, *mutatis mutandis*, apply to such compulsory closure.

[§ 2(2), 46 of 2006]

(3A) For the purpose of subsection (3), the "business carried on by a defaulting bank" includes—

- (a) all immovable and movable property owned by the defaulting bank on the day preceding the relevant date (including cash balances, reserve funds, investments and deposits) ;
- (b) all rights, powers, privileges, authorities and interests arising in, or out of, any property, movable or immovable, owned by the defaulting bank on the day preceding the relevant date;
- (c) all the liabilities of the defaulting bank subsisting on the day preceding the relevant date; and
- (d) all books, accounts and documents relating or appertaining, to such undertaking in Sri Lanka

(3B) With effect from the date on which the business carried on by the defaulting bank is vested in the acquiring bank in terms of subparagraph (i) of paragraph (b) of subsection (3) of section 76M—

- (a) all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature pertaining or relating to the vested business of the defaulting bank, subsisting or having effect on the day immediately preceding the relevant date, to which the defaulting bank is a party or which are in favour of the defaulting bank, shall be deemed with effect from the relevant date to be contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation or other instruments entered into or granted, as the case may be, by the acquiring bank; and
- (b) all actions and proceeding of whatever nature instituted by or against the defaulting bank pertaining or relating to the vested business of the defaulting bank, and pending on the day immediately preceding the relevant date, shall be deemed with effect from the relevant date to be actions and proceedings instituted by or against the acquiring bank, and may be continued or prosecuted accordingly.

(3C) (a) Notwithstanding anything to the contrary in this Act or any other written law, the liability of the acquiring bank to meet the claims and demands of creditors and depositors on liabilities of the defaulting bank vested in it shall be in accordance with the terms and conditions of a Scheme which shall be formulated by the Monetary Board upon review of the business of the defaulting bank, and only to the extent set out in such Scheme. On the Scheme being formulated, the Monetary Board shall cause the Scheme to be published in a daily newspaper in the Sinhala, Tamil and English languages respectively:

Provided, however, it shall be lawful for the Monetary Board to alter, vary or modify such Scheme from time to time with the written consent of the acquiring bank. Any such alteration, variation or modification as the case may be, shall be published in a daily newspaper in the Sinhala, Tamil and English languages respectively.

(b) The Scheme referred to in paragraph (a) may-

- (i) specify the manner of settling the liabilities of the defaulting bank by the acquiring bank, including the amounts payable and the times at which payments are to be made;
- (ii) provide for an order of priority for settlement of the different classes of liabilities of the defaulting bank vested in the acquiring bank;
- (iii) limit the extent of payments to any class or category of depositors or creditors of the defaulting bank;
- (iv) provide for the re-scheduling of the deposit liabilities;
- (v) specify that the settlement of liabilities shall be limited to the amount of the assets of the defaulting bank or such other assets as may be specified by the Monetary Board.

(3D) Notwithstanding anything to the contrary in this Act or any other written law, the settlement of liabilities in accordance with the terms and conditions of a Scheme formulated by the Monetary Board in terms of subsection (3C) hereof, shall extinguish the liabilities of the defaulting bank vested in the acquiring bank as herein provided.

(3E) The Monetary Board shall, in making an Order under sub-paragraph (i) (B) of paragraph (b) of subsection (3), take into consideration the capacity of such acquiring bank to discharge the obligations imposed on it in terms of the Scheme formulated by the Monetary Board and require the acquiring bank to communicate in writing its willingness to comply with such Scheme.

(3F) The minister may where it is necessary to do so in the interest of the national economy, by order published in the gazette, determine that any deposit liabilities of a defaulting bank or any part of such liabilities, to any government institution, Provincial Council or other body or authority functioning under the Provincial Council, a public corporation or other public institution or local

authority, which have in terms of the aforesaid provisions vested in an acquiring bank, shall be liabilities to the government.

For the purposes of subsections (3A) and (3B) “relevant date” means the date on which the defaulting bank is vested in the acquiring bank in terms of sub Paragraph (i)(B) of Paragraph (b) of subsection (3).

[ § 32 , 2 of 2005.]

(4) A licensed specialised bank incorporated or established within Sri Lanka may be voluntarily wound up and the provisions of Part VIII shall, *mutatis mutandis*, apply to such voluntary winding up.

[ § 32 , 2 of 2005.]

(5) A licensed specialised bank incorporated outside Sri Lanka may voluntarily close down its business authorised under the license issued under section 76A and the provisions of Part VIII shall, *mutatis mutandis*, apply to such closure.

Power of Director of Bank Supervision to issue directions in respect of Connected matters.

[ § 31, 33 of 1995.]

[ § 33 , 2 of 2005.]

**76N.** (1) Notwithstanding the provisions of this Act or of any other written law to the contrary or the Articles of Association of a licensed specialised bank, the Monetary Board may, where the business of a licensed specialised bank has been suspended under subsection (1) of section 76(M);

- (a) make such arrangements as it considers necessary for the amalgamation of the licensed specialised bank with another licensed specialised bank or any other institution, with the consent of such other licensed specialised bank or institution;
- (b) re-organise such licensed specialised bank by increasing its capital and arranging for new shareholders and by reconstituting its board of directors; or
- (c) re-construct the licensed specialised bank in any such manner as it considers to be in the interest of depositors, including the closing down of unviable sections of the business and re-organising the management;
- (d) direct any shareholder of any licensed specialised bank to divest or transfer the ownership of the shares owned by him, to a person nominated by the Monetary Board, on payment by such person of compensation determined as follows:—
  - (i) where such shares are quoted, at the market value thereof; or
  - (ii) where such shares are not quoted, at a price to be determined by a valuer nominated by the Monetary Board.

(2) A shareholder who fails to comply with a direction given to him under paragraph (d) of subsection (1) shall be guilty of an offence.