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EXTRAORDINARY

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**PART I : SECTION (I) — GENERAL**

**Government Notifications**

**L.D.-B. 3/2021(III)**

**THE COLOMBO PORT CITY ECONOMIC COMMISSION ACT, No. 11 OF 2021**

REGULATIONS made by the Minister of Investment Promotion as the Minister of Finance, Economic Stabilization and National Policies, in consultation with the Colombo Port City Economic Commission and the Central Bank of Sri Lanka, under section 71 of the Colombo Port City Economic Commission Act, No. 11 of 2021, read with section 44 of the aforesaid Act.

RANIL WICKREMESINGHE,  
Minister of Investment Promotion.

Colombo,  
26<sup>th</sup> of July, 2024

**Regulations**

1. These regulations may be cited as the Colombo Port City (Offshore Banking-Prudent Management and Confidence) Regulations, No. 05 of 2024.
2. These regulations shall apply in relation to offshore banking business of an authorised person carried out in and from the Area of Authority of the Colombo Port City under the Act.
3. The Central Bank, being the exclusive Regulatory Authority of financial institutions under the Central Bank, shall be responsible for carrying out supervision of the Colombo Port City Branch and shall have the power to issue operating



instructions, guidelines and circulars to such Colombo Port City Branch in respect of engaging in offshore banking business in and from the Area of Authority of the Colombo Port City, with notice to the Commission. In carrying out regulation and supervision of the Colombo Port City Branch, the Central Bank shall take into consideration principles, guidelines and standards issued by the Basel Committee on Banking Supervision and such other similar standard setting institutions as far as practicable.

4. The Colombo Port City Branch shall comply with such regulations as may be issued from time to time by the Minister under Part VIII of the Act and the operating instructions, guidelines and circulars issued from time to time by the Central Bank.

5. Every Colombo Port City Branch shall transact banking business with non-residents only in designated foreign currencies. In the event such transactions are undertaken with residents in Sri Lanka, a general or specific authorization shall be obtained from the Central Bank for the purposes of the Foreign Exchange Act, No. 12 of 1977.

6. (1) The Financial Intelligence Unit of the Central Bank shall have the authority over any Colombo Port City Branch, as such offshore banks are obliged to comply with the statutory requirements on prevention of money laundering and countering the financing of terrorism.

(2) It shall be the duty of the Colombo Port City Branch to comply with the requirements specified in the provisions of the Prevention of Money Laundering Act, No. 5 of 2006, the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005, and the Financial Transactions Reporting Act, No. 6 of 2006, and any regulations, rules, directives made thereunder.

7. In the event the Home Country Regulatory Authority of a Colombo Port City Branch is changed or succeeded by another authority or is revoked by law, it shall be the duty of such Colombo Port City Branch to notify the Commission of such fact within 14 calendar days of such change, succession or revocation, as the case may be.

8. The fees, levies, surcharges, and penalties payable by the Colombo Port City Branch in engaging in the offshore banking business shall be published by the Commission on its website and be effective from the date to be specified therein.

9. An employee of the Colombo Port City Branch who is assigned or authorised to perform and discharge the duties and functions of such Branch and to carry out transactions in such Branch shall not be authorised or permitted to perform or discharge any duty or function or to carry out any transaction relating to the Head Office, any branch or operating unit of such bank operating outside the Area of Authority of the Colombo Port City:

Provided however, in the case of the Colombo Port City Branch which is a branch of a licensed commercial bank, it shall be lawful for the Board of Directors of such licensed commercial bank, or the Management Committee or the Chief Executive Officer appointed or employed by the Head Office in the event such Bank Branch is incorporated outside Sri Lanka, as the case may be, to exercise executive authority and oversight over the administration, management, operations and risk management of such Colombo Port City Branch of such bank, in compliance with the Act and regulations issued thereunder:

Provided further, any Director, member of a Management Committee or Chief Executive Officer exercising executive authority or oversight over the Colombo Port City Branch shall not receive any remuneration or employment related benefit, either directly or indirectly, from such Colombo Port City Branch.

10. In the event the Colombo Port City Branch is sanctioned, fined, warned or found to be non-compliant with the regulatory requirements issued by the Home Country Regulatory Authority or the permission issued to such Colombo Port City Branch to engage in offshore banking business in and from the Area of Authority of the Colombo Port City is suspended, surrendered, cancelled or revoked by such Home Country Regulatory Authority, it shall be the duty of such Colombo Port City Branch to notify the Commission of the same, within fourteen calendar days of such regulatory action. The Commission shall share such information with the Central Bank or the Financial Intelligence Unit of Sri Lanka, as the case may be.

**11. In these regulations-**

“Act” means the Colombo Port City Economic Commission Act, No. 11 of 2021;

“branch” means a location other than the main office or Head Office of a company where a business is conducted;

“Central Bank” means the Central Bank of Sri Lanka established under the Central Bank of Sri Lanka Act, No. 16 of 2023;

“Colombo Port City Branch” means a branch of a company licensed to engaged in offshore banking business in or from the area of authority of the Colombo Port City in terms of section 42 of the Act;

“Commission” means the Colombo Port City Economic Commission established under the Act;

“designated foreign currency” means a foreign currency determined as “designated foreign currency” by the Central Bank, under the Banking Act, No. 30 of 1988;

“financial institutions” shall have the same meaning as set out in the Central Bank of Sri Lanka Act, No. 16 of 2023;

“Financial Intelligence Unit of Sri Lanka” shall have the same meaning as set out in the Financial Transactions Reporting Act, No. 6 of 2006;

“Home Country Regulatory Authority” means the Banking Sector Regulatory Authority of the country in which the Parent Entity of the Colombo Port City Branch of the respective bank has been established;

“offshore banking business” shall have the same meaning as in the Act;

“Parent Entity” means the entity which holds the banking licence that makes it eligible for the Colombo Port City Branch to be issued a licence to engage in offshore banking business under the Act; and

“resident” and “non-resident” shall have the same meanings as in the Act.

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