CENTRAL BANK OF SRI LANKA

08 September 2026 **BANKING ACT DIRECTIONS** **No. 03 of 2026**

ASSESSMENT OF BENEFICIAL OWNERS OF LICENSED BANKS

The Central Bank of Sri Lanka (CBSL), with a view to strengthening the framework for combating money laundering, terrorist financing, proliferation financing and other illicit financial activities through Licensed Commercial Banks (LCBs) and Licensed Specialised Banks (LSBs) in Sri Lanka (hereinafter referred to as Licensed Banks (LBs)), and aligning with the international best practices, including the standards issued by the Financial Action Task Force (FATF), hereby issues these Directions to Licensed Banks (LBs).

1. Empowerment

1.1 In terms of Section 46(1) of the Banking Act, No. 30 of 1988, as amended (Banking Act), to ensure the soundness of the banking system, CBSL is empowered to issue Directions to LCBs regarding the manner in which any aspect of the business of such banks is to be conducted.

1.2 In terms of Section 76J(1) of the Banking Act, to ensure the soundness of the banking system, CBSL is empowered to issue Directions to LSBs or to any category of LSBs, regarding the manner in which any aspect of the business of such banks is to be conducted.

2. Scope of Application

2.1 These Directions shall be applicable to all LBs.

3. Responsibility of the Board of Directors

3.1 The Board of Directors of an LB shall establish and implement appropriate policies, procedures and internal controls to ensure compliance with these Directions, at all times.

3.2 The Board of Directors shall ensure that the Beneficial Owner/(s) of LBs are aware of their obligations laid out by the Companies Act, No.7 of 2007 (as amended) and by these Directions.

4. Responsibility of the Company Secretary

4.1 The Company Secretary of an LB shall be responsible for maintaining, safekeeping and updating the Register on Beneficial Owners specified in these Directions.

5. Obligation to obtain Beneficial Ownership Information

5.1 LBs shall

a) identify their Beneficial Owner/(s),
b) obtain a declaration, as specified in Annexure I hereto from each Beneficial Owner of LB and,
c) assess such Beneficial Owner/(s) to ensure that such persons are not criminals or associates of criminals, by conducting appropriate screening.

5.2 LBs shall not rely solely on the information obtained via the declaration to identify Beneficial Owners and shall take additional measures as may be necessary to determine the beneficial ownership.

5.3 LBs shall verify the information to confirm its accuracy by validating the identity of the Beneficial Owner/(s) using reliable and independently sourced information.

5.4 Subject to the provisions of the Companies Act, No. 7 of 2007, as amended and regulations issued thereunder, LBs shall maintain the Register on Beneficial Owner/(s) at its registered office and such Register shall be accessible, at any time, for inspection by the officers of Bank Supervision Department as authorized by the Director of Bank Supervision (DBS).

5.5 The Register shall include, at least, the following information on Beneficial Owner/(s) of LBs:

(a) The full names and previous full names (if any) appearing in the identification document;
(b) The dates and places of birth, nationalities, countries of residence and the last known addresses (residential addresses, business addresses, e-mail addresses and postal addresses) and contact details;

(c) The National Identity Card number/(s), Tax Identification Number/(s) and the Passport number/(s) with the country/countries of issuance;

(d) The nature and extent of the beneficial ownership in LB including percentage of shareholding, number of shares, class of shares, nature of control;

(e) Date on which the person became a Beneficial Owner and the date on which such beneficial ownership ceased (if applicable); and

(f) Information on the source of funds and source of wealth relating to the acquisition or holding of shares in LBs.

5.6 Each LB shall ensure that the Register on Beneficial Owners is updated promptly, following any changes to shareholding, effective control, or any other nature of beneficial ownership.

6. Verification and Due Diligence

6.1 LBs shall undertake enhanced verification and due diligence, in line with applicable regulations and their Anti-Money Laundering/ Countering the Financing of Terrorism/ Countering Proliferation Financing (AML/CFT/CPF) policies and procedures, in instances where beneficial ownership is held by/through nominee arrangements, complex/layered structures, politically exposed persons, indirect control via trusts, foundations, special purpose vehicles, etc.

6.2 Where a Beneficial Owner of an LB incorporated in Sri Lanka:

(a) is a citizen and resident of Sri Lanka, the declaration shall be signed before an Attorney-at-Law or Notary Public and supporting documents submitted in terms of these Directions shall be certified as true copies by such Attorney-at-Law or Notary Public in Sri Lanka.

(b) is a foreign national or non-resident, or where any declaration or supporting document is issued or executed outside Sri Lanka, such declaration and document shall be notarized in the country of execution or issuance and thereafter legalized by the Embassy, High Commission, or Consulate of Sri Lanka in that country or, by a person who is authorized to certify or attest legal documents according to the law of that country. Where Sri Lanka does not maintain a diplomatic mission in such country, attestation should be done by the nearest Sri Lankan mission exercising consular jurisdiction over that country.

6.3 In the case of an LB incorporated outside Sri Lanka: all documents and declarations relating to the Beneficial Owner/(s) of such LB, including the Beneficial Owner/(s) of its parent or head office, shall be notarized in the country in which such documents are issued or executed and thereafter legalized by the Embassy, High Commission, or Consulate of Sri Lanka in that country or, by a person who is authorized to certify or attest legal documents according to the law of that country. Where no such mission exists, attestation should be done by the nearest Sri Lankan mission exercising consular jurisdiction over that country.

7. Record Keeping

7.1 LBs shall retain all beneficial ownership information and underlying documentation including the steps undertaken and documents relied upon to identify and verify Beneficial Owner/(s), at least for a period of twelve years, after the date on which the person ceases to be a Beneficial Owner, subject to complying with Direction 7.2 below.

7.2 Notwithstanding Direction 7.1 above, where a Beneficial Owner is or becomes subject to any proceedings before a Court of law (including civil or criminal litigation or trial), or where an LB is aware of or has been requested to provide information for an investigation conducted by any law enforcement authority, or where such records are required to be produced before a Court of law or any competent authority, LBs shall retain all beneficial ownership information and related documentation until the final conclusion of such proceedings or investigations.

8. Confidentiality

8.1 LBs shall ensure that appropriate internal controls, including measures to ensure confidentiality of information, are in place while handling sensitive personal data in accordance with applicable laws, especially where the Beneficial Owner/(s)' personal information is collected, stored and transmitted.

8.2 Such internal controls and confidentiality obligations shall not restrict or delay access to such information by CBSL, law enforcement authorities or by a Court of law, as may be required under applicable laws.

9. Submission of Information

9.1 LBs shall submit information on beneficial ownership on an annual basis by 31st January each year to DBS or within such time period as may be specified by DBS from time to time.

9.2 The Company Secretary shall verify and authorize this information submission to ensure that the information contained therein is accurate, complete and up to date. This shall include, at a minimum, the identifying particulars of the relevant persons, the nature and extent of the interest or control, and the dates on which such interest or control was acquired, modified, or ceased.

9.3 LBs shall promptly submit additional information, documentation and evidence for verification or due diligence upon the request of DBS.

9.4 LBs shall immediately notify DBS of;

(a) any material changes in beneficial ownership, including the nature/extent of the beneficial interest or control, or

(b) where a beneficial owner is found to be a criminal or an associate of a criminal, or

(c) where a beneficial owner has been subject to any proceedings, inquiry or investigation consequent upon being served with a charge involving fraud, deceit, dishonesty or other similar criminal activity by any court, tribunal, regulatory or supervisory authority, professional association, Commission of inquiry or any other body established by law in or outside Sri Lanka, or

(d) its inability to obtain or verify beneficial ownership information for any Beneficial Owner/(s), explaining the specific information that is missing or could not be verified, the reasons for such inability, steps taken to rectify and an expected timeline for remediation, which shall be reasonable having regard to the risk involved.

10. Effective date

10.1 These Directions shall come into effect from 01.10.2026.

11. Definitions

11.1 The following definitions shall be applicable for purposes of these Directions:

(a) "Beneficial Owner" shall be as defined in Section 86 of the Banking Act No.30 of 1988, as amended.

(b) "Effective control" shall be as defined in Section 130_J of the Companies (Amendment) Act, No. 12 of 2025.

Dr. P Nandalal Weerasinghe

Chairperson of the Governing Board and

Governor of the Central Bank of Sri Lanka

Annexure I

DECLARATION FORM OF BENEFICIAL OWNERSHIP

A. PERSONAL INFORMATION

Particulars

1. Full Name (as per NIC/Passport)
2. Previous/ Other Names (if any)
3. National Identity Card (NIC)/ Passport No.
4. Country of issue of NIC/ Passport
5. Civil Status
6. Occupation /Profession
7. Tax Identification No.
8. Date of Birth
9. Place of Birth
10. Nationality
11. Citizenship/s
12. Permanent Address
13. Residential Address
14. Contact No.
15. E-mail Address
16. Business Address

B. RELATIONSHIP WITH THE BANK

1. Beneficial ownership was acquired through: ☐ Shareholding ☐ Effective Control
2. Date on which the beneficial ownership was acquired:..
3. Details of shareholding:

Class of shares (Voting/Non-voting)	No. of shares		For Indirect Holdings, Name of the Institution of Direct Holding	Percentage Holding		Date of acquisition
	Direct	Indirect		Direct	Indirect	

4. If shares are held indirectly, indicate the intermediate entities through which the ultimate interest is held and attach a shareholding structure diagram.

5. If beneficial ownership was acquired through effective control, describe the nature of control.

C. DECLARATION OF THE NATURE OF THE BENEFICIAL OWNERHSIP

1. I declare that:
   (i) I am a **beneficial owner** of the above interest in [name of the Bank] in my own right and am not acting as a nominee / agent / trustee / in any other capacity on behalf of another party. ☐
   (ii) **I am acting as a nominee, agent, trustee, or in another capacity on behalf of another party**, and have disclosed the identity of such party and the nature of the arrangement under 2 below. ☐

2. **Particulars of the Beneficial Owner as per C 1(ii) above:**
   a) Full Name (as per NIC/Passport)
   b) Previous/Other Names (if any)
   c) National Identity Card (NIC)/Passport No.
   d) Country of issuance of NIC/Passport
   e) Civil Status
   f) Occupation/Profession
   g) Tax Identification No.
   h) Date of Birth
   i) Place of Birth
   j) Nationality
   k) Citizenship/s
   l) Permanent Address
   m) Residential Address
   n) Contact No.
   o) E-mail Address
   p) Nature of the arrangement with the declarant (e.g., nominee agreement, trust deed, power of attorney, other - please specify)
   q) Date such arrangement commenced

r) If the underlying beneficial owner holds the interest through a chain of intermediate entities, attach a structure diagram showing the chain of ownership/control up to the underlying beneficial owner

D. SOURCE OF FUNDS (for acquisition of beneficial ownership, if through shareholding)

Source	**Value (Rs.)**
Personal savings	☐ ………………………………
Business income	☐ ………………………………
Sale of assets / inheritance	☐ ………………………………
Other (please specify)	☐ ………………………………

E. DECLARATION OF SUITABILITY

If you have answered "Yes" to any questions below, provide full details in a separate sheet.

	Yes	**No**
1. Have you ever been convicted by any court in Sri Lanka or abroad in respect of any crime committed involving dishonesty, financial impropriety, fraud, or moral turpitude?	☐	☐
2. Have you ever been declared insolvent or bankrupt in Sri Lanka or abroad?	☐	☐
3. Have you been a director, shareholder, or key officer of any institution whose licence was cancelled or application refused by a regulator, or of any entity that has been declared by the Central Bank of Sri Lanka as having engaged in a prohibited scheme in contravention of section 83C of the Banking Act, No. 30 of 1988 (as amended) in Sri Lanka or abroad?	☐	☐
4. Are you currently under investigation or subject to any regulatory, tax, or law-enforcement proceedings?	☐	☐

	Yes	No
5. Have you been penalised, censured, or disqualified by any regulatory or professional body?	☐	☐
6. Have any findings been made against you by any regulatory or supervisory authority, professional association, Commission of Inquiry, tribunal, or other body established by law, in Sri Lanka or abroad, to the effect that you have committed, or have been connected with the commission of, any act involving fraud, deceit, dishonesty, or any other improper conduct?	☐	☐
7. Have you ever been served with notice of a charge, or are you currently subject to any proceedings, inquiry, or investigation, involving fraud, deceit, dishonesty, or other similar criminal activity, before any court, tribunal, regulatory authority, supervisory authority, professional association, Commission of Inquiry, or any other body established by law, in Sri Lanka or abroad?	☐	☐
8. Have you ever been designated under any United Nations Security Council Resolutions (UNSCRs)?	☐	☐

F. UNDERTAKING

I undertake to:

1. Promptly inform [name of the Bank] of any change to the particulars stated herein.
2. Provide any additional information or clarification that may be requested for verifying my beneficial ownership.
3. Abide by all applicable laws, regulations, and directions issued by the Central Bank of Sri Lanka and other competent authorities from time to time.

G. ANY OTHER INFORMATION

Is there any other information that you consider relevant to the assessment of your suitability as a Beneficial Owner of the above Licensed Bank that has not been disclosed in this Declaration? If yes, please provide details.

H. DECLARATION

I,……………………………………..., hereby declare that the particulars given above including the particulars of the underlying beneficial owner under item 2 (where applicable) are **true, complete, and correct** to the best of my knowledge and belief. I further understand that **making a false declaration** is an offence under the applicable laws.

Signature of Declarant : ……………………………………………….

Full Name : ……………………………………………….

NIC/Passport No. : ……………………………………………….

Date : ……………………………………………….

Place : ……………………………………………….

I. CONFIRMATION BY THE NOTARY

The statements contained herein were read over to the declarant, who, having understood the contents hereof and having accepted same as true and placed his/her signature before me at ………. on this ……… day of ……… (Month, Year). I further certify that the documents attached to this declaration are certified as true copies of the originals thereof.

Signed by/-

Attorney-at-Law/Notary Public

Date:

Seal:

Attachments Checklist

☐ Copy of NIC / Passport
☐ Copy of Share Certificate(s)
☐ Shareholding / Beneficial Ownership Structure Diagram
☐ Supporting documents for the source of funds
☐ Any additional information