



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

08 September 2020

BANKING ACT DIRECTIONS

No. 08 of 2020

**AMENDMENT TO THE BANKING ACT DIRECTIONS ON
OWNERSHIP OF ISSUED CAPITAL CARRYING VOTING RIGHTS FOR
LICENSED COMMERCIAL BANKS**

In the exercise of the powers conferred by Section 46(1) of the Banking Act No. 30 of 1988, as amended, the Monetary Board, having considered the benefits to the banking system through the investments by Multilateral Financial Organisations in the shareholding of licensed commercial banks hereby issues the following Direction amending the Banking Act Directions No.1 of 2007 dated 19 January 2007.

Direction 4 of the Banking Act Directions No. 1 of 2007 is replaced as follows:

4. Maximum percentage of ownership of shares
- Accordingly, the Monetary Board, subject to Sections 12(1B), 12(1C) and 13 and subject to terms and conditions it may deem fit, may grant permission on a case-by-case basis to:
- (a) any of the categories of shareholders referred to in Sections 12(1C) and 46(1)(d) to acquire a material interest not exceeding 15 per cent of the issued capital carrying voting rights in a licensed commercial bank,
 - (b) Multilateral Financial Organisations such as the World Bank, International Finance Corporation (IFC), Asian Development Bank (ADB) and any other Multilateral Financial Organisation as approved by the Monetary Board of the Central Bank of Sri Lanka, notwithstanding (a) above, to acquire a material interest not exceeding 20 per cent of the issued capital carrying voting rights in a licensed commercial bank subject to the condition that the material interest so acquired shall be reduced to 15 per cent within a period of 10 years from the date of stipulation.

Prof. W D Lakshman

*Chairman of the Monetary Board and
Governor of the Central Bank of Sri Lanka*