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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

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# Press Release

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## Establishment of the Legal and Compliance Department of the Central Bank of Sri Lanka

The Central Bank of Sri Lanka (CBSL), established in 1950 as the apex institution in the financial sector, is now entrusted with the discharge of duties under several legislative enactments which provide powers relating to the supervision and control of banking institutions, non-bank financial institutions and leasing companies.

Further, with the establishment of the Financial Intelligence Unit to deal with matters pertaining to suppression of terrorist financing and the prevention of money laundering, the legal and compliance issues to be scrutinized by the CBSL have become varied and complex. Additionally, with the development of the electronic payment systems and the issue of public debt in the form of scriptless securities, several legal and regulatory matters need to be carefully studied and analyzed. The developments in the international financial sphere too require examination of legal issues relating to such matters.

Consequently, the Monetary Board of CBSL taking into cognizance the wide and complex issues relating to the accomplishment of the objectives and the discharge of the duties under the several legislative enactments relating to the financial sector, has established a Legal and Compliance Department, under the provisions of Section 33 of the Monetary Law Act. Accordingly, this department is expected to deal with a wide array of issues that will help the bank to have a 'compliance culture'.

The personnel appointed to this new department, trained and qualified in the legal field along with the knowledge of the economic and financial subjects, are expected to work together to advise the several departments of the CBSL on legal issues and to represent the bank in courts and in other legal fora.

In addition, such personnel with their specialized knowledge in the fields of central banking and financial systems stability would examine the proposed legal reforms pertaining to regulation of micro finance institutions, cross-country comparisons of effectiveness of anti-money laundering and combating the financing of terrorism efforts and would contribute to the development of laws relating to the banking and financial sector.

The establishment of the Legal and Compliance Department would play a complementary role in the co-ordination with government departments and other regulatory authorities in relation to the understanding of legal and implementation issues pertaining to financial system stability, financial market operations and payment systems and for the enforcement of laws applicable to the financial system of the country.