

PART IV

PART IV

MAJOR LEGISLATIVE ENACTMENTS OF 2021 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA^(a)

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(a) In the event of any inconsistency between the text published in the Central Bank Annual Report and the text printed by the Department of Government Printing, the text of the latter shall prevail.

Colombo Port City Economic Commission Act, No. 11 of 2021

[Certified on 27th of May, 2021]

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A SPECIAL ECONOMIC ZONE; TO ESTABLISH A COMMISSION EMPOWERED TO GRANT REGISTRATIONS, LICENCES, AUTHORISATIONS AND OTHER APPROVALS TO CARRY ON BUSINESSES AND OTHER ACTIVITIES IN AND FROM SUCH ZONE; TO PROVIDE FOR THE IDENTIFICATION OF A SINGLE WINDOW INVESTMENT FACILITATOR FOR THE PROMOTION OF EASE OF DOING BUSINESS WITHIN SUCH ZONE; TO DETERMINE AND GRANT INCENTIVES AND OTHER EXEMPTIONS FOR THE PROMOTION OF BUSINESSES OF STRATEGIC IMPORTANCE WITHIN SUCH ZONE; TO ENTER INTO TRANSACTIONS AS PROVIDED, OF GOVERNMENT MARKETABLE LAND AND PROJECT COMPANY MARKETABLE LAND AND PREMISES AND CONDOMINIUM PARCELS STANDING THEREON WITHIN SUCH ZONE; TO PROMOTE AND FACILITATE INTERNATIONAL TRADE, SHIPPING LOGISTIC OPERATIONS, OFFSHORE BANKING AND FINANCIAL SERVICES, INFORMATION TECHNOLOGY AND BUSINESS PROCESS OUTSOURCING, CORPORATE HEADQUARTERS OPERATIONS, REGIONAL DISTRIBUTION OPERATIONS, TOURISM, AND OTHER ANCILLARY SERVICES WITHIN SUCH ZONE; TO ESTABLISH AN INTERNATIONAL DISPUTE RESOLUTION CENTRE WITHIN SUCH ZONE; TO PROMOTE URBAN AMENITY OPERATIONS AND THE SETTLEMENT OF A RESIDENTIAL COMMUNITY WITHIN SUCH ZONE; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS in furtherance of the Directive Principles of State Policy enshrined in the Constitution of the Democratic Socialist Republic of Sri Lanka, which requires the State to ensure by means of public and private economic activity, the rapid development of the country, whilst co-ordinating public and private economic activity in the national interest, the Government of Sri Lanka has considered it necessary to establish a Special Economic Zone within which there is ease of doing business that will attract new investments primarily to facilitate the diversification of the service economy, to promote the inflow of foreign exchange into such Zone, to generate new employment opportunities within such Zone whilst facilitating the development of technical, professional, technological and entrepreneurial expertise and to facilitate the promotion of urban amenity operations within such Zone, through the settlement of a residential community:

AND WHEREAS it has become necessary having regard to the national interest or in the advancement of the national economy, to establish a Special Economic Zone to be called "the Colombo Port City Special Economic Zone" which will be an international business and services hub with specialized infrastructure and other facilities within such Zone, for the promotion and facilitation of economic activity including international trade, shipping logistic operations, offshore banking and financial services, information technology and business process outsourcing, corporate headquarters operations, regional distribution operations, tourism, and other ancillary services:

NOW THEREFORE be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :-

1. This Act may be cited as the Colombo Port City Economic Commission Act, No. 11 of 2021.

PART I

ESTABLISHMENT OF THE COLOMBO PORT CITY SPECIAL ECONOMIC ZONE AND THE COLOMBO PORT CITY ECONOMIC COMMISSION

2. There shall be established a Special Economic Zone to be called the Colombo Port City Special Economic Zone (hereinafter referred to as the "Colombo Port City"). The Area of Authority of the Colombo Port City herein established, shall consist of the boundaries as set out in Schedule I to this Act.
3. (1) There shall be established a Commission called the Colombo Port City Economic Commission (hereinafter referred to as the "Commission") which shall be entrusted, in the manner set out in this Act, with the administration, regulation and control of, all matters connected with businesses and other operations, in and from the Area of Authority of the Colombo Port City.
- (2) The Commission shall, by the name assigned to it under subsection (1), be a body corporate with perpetual succession and a common seal and may sue and be sued in such name.
- (3) The Commission shall have the objectives and the powers, duties and functions as are set out in this Act.
- (4) The Commission shall be responsible to facilitate prepare, develop, amend, update, publish and enforce all Community Rules applicable within the Area of Authority of the Colombo Port City.
- (5) The Commission shall, in the exercise, performance and discharge of its powers, duties and functions, where so required by the respective written laws applicable to any Regulatory Authority, obtain the concurrence of the relevant Regulatory Authority in respect of the subjects vested in or assigned to, such Regulatory Authority and to the extent specifically provided for in this Act: Provided that, the concurrence of the relevant Regulatory Authority sought shall be limited to the implementation by the Commission, within the Area of Authority of the Colombo Port City, of the respective written laws applicable to such Regulatory Authority.
- (6) The relevant Regulatory Authority from whom such concurrence is being sought by the Commission, shall as soon as practicable in the circumstances, as a matter of priority, communicate its decision to the Commission.

4. (1) The Master Plan as approved by the Commission with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, shall be the basis on which all zoning and other physical development activities within the Area of Authority of the Colombo Port City, shall be implemented.
- (2) The Commission shall, in consultation with the Project Company, and with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, identify any amendments to the Master Plan, if such amendments are considered necessary in the national interest or in the advancement of the national economy, to ensure through its viability the enhancement of the businesses carried on, in and from the Area of Authority of the Colombo Port City.
- (3) The Commission shall be vested with the responsibility of ensuring the due implementation of the Master Plan and the Development Control Regulations, which shall be made in terms of this Act.
- (4) The Commission shall submit to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, an annual progress report, setting out the progress on the implementation of the Master Plan.
- (5) The Commission shall, having consulted the Project Company, submit for the consideration of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, of such Minister, its recommendations on any revision to the Master Plan, along with such annual progress report.
- (6) The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister, may for the purposes of this section, issue such general or special directions in writing to the Commission, if it is so required in the national interest or in the advancement of the national economy.

PART II

OBJECTIVES AND POWERS, DUTIES AND FUNCTIONS OF THE COMMISSION

5. The objectives of the Commission shall be to -
 - (a) promote the Colombo Port City to be a leading Special Economic Zone in the region and an attractive investment destination;
 - (b) attract enhanced foreign direct investments into the country;
 - (c) create a safe and conducive business environment and facilitate ease of doing business in and from the Area of Authority of the Colombo Port City and also endeavour to ensure that the Ease of Doing Business Index in relation to the Area of Authority of the Colombo Port City is maintained at a level similar to other attractive economic zones in the region;
 - (d) ensure ease of transacting its business operations and administration efficiently, reliably and transparently in order to enhance investor confidence;
 - (e) encourage and promote global and regional investments in international trade, shipping logistic operations, offshore banking and finance, information technology and business process outsourcing, corporate headquarters operations, regional distribution operations, tourism and other ancillary services;
 - (f) promote and develop innovation and entrepreneurship;
 - (g) promote tourism and ancillary services by facilitating duty free shopping, entertainment and other similar facilities;
 - (h) generate employment opportunities;
 - (i) promote sustainable development; and
 - (j) promote urban amenity operations with the settlement of a residential community within the Area of Authority of the Colombo Port City.
6. (1) The Commission shall, in furtherance of the national interest or in the advancement of the national economy, exercise, perform and discharge, the powers, duties and functions as are set out below: -
 - (a) to issue or grant a registration, licence, authorisation and other approval to engage in business, in and from the Area of Authority of the Colombo Port City and facilitate businesses and investments in terms of this Act;
 - (b) to facilitate and exercise regulatory supervision and control over all investments and businesses in and from the Area of Authority of the Colombo Port City, in terms of this Act, with the concurrence of the relevant Regulatory Authority: Provided that, the concurrence of the relevant Regulatory Authority sought shall be limited to the implementation by the Commission, within the Area of Authority of the Colombo Port City, of the respective written laws applicable to such authority;

- (c) to lease, subject to the provisions of this Act and other applicable written laws, Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act;
- (d) to lease, subject to the provisions of this Act and other applicable written laws, Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, together with Project Company which holds Master Leases relating thereto;
- (e) to lease or transfer on freehold basis, subject to the provisions of this Act and other applicable written laws, condominium parcels standing on Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, together with the respective investor or developer, as the case may be;
- (f) to lease or transfer on freehold basis, subject to the provisions of this Act and other applicable written laws, condominium parcels standing on Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, together with the Project Company which holds Master Leases relating thereto;
- (g) to be the Single Window Investment Facilitator while being the sole point of contact to investors and promote the ease of doing business through the expeditious facilitation and issuance of all registrations, licences, authorisations and other approvals required for engaging in business in and from the Area of Authority of the Colombo Port City, where so required by the respective written laws applicable to such Regulatory Authority;
- (h) to function as the Single Window Investment Facilitator, and evaluate, make recommendations on or approve or facilitate the approvals as set out in this Act proposals submitted to the Commission for engaging in business in and from the Area of Authority of the Colombo Port City, in terms of Part VI of this Act;
- (i) to plan, issue and monitor compliance, notwithstanding anything to the contrary in any other written law, of all other permits, clearances, work permits and such other approvals as may be required to engage in development activities, operate businesses, shopping, entertainment including gaming activities and such other facilities, to obtain possession of commercial residential facilities, in and from the Area of Authority of the Colombo Port City;
- (j) to develop and approve environmental standards and plan, monitor and execute environmental improvements as may be required within the Area of Authority of the Colombo Port City;
- (k) to ensure that the implementation of development work, (inclusive of the construction, in accordance with the provisions of Part X of this Act, of condominium parcels), activities and services within the Area of Authority of the Colombo Port City, are carried out in compliance with the Master Plan and the Development Control Regulations as may be prescribed, subject to any directions as may be given by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister;
- (l) to enter into contracts with any person as may be necessary in the exercise, performance and discharge of its powers, duties and functions;
- (m) to co-operate and enter into agreements with international financial and business centres, regulators and other bodies, institutions, organisations, and persons, for the achievement of its objectives and the exercise, performance and discharge of its powers, duties and functions;
- (n) to charge fees and other charges as may be determined by the Commission for ancillary services and facilities provided directly by the Commission or through the Estate Manager within the Area of Authority of the Colombo Port City;
- (o) to impose conditions or requirements and issue directions in relation to any service or facility provided by the Commission or through the Estate Manager within the Area of Authority of the Colombo Port City;
- (p) to identify local assessment rates and any other levies applicable within the Area of Authority of the Colombo Port City as authorised by this Act, at rates as shall be prescribed;
- (q) to facilitate the establishment and operation, within the Area of Authority of the Colombo Port City, any stock, precious metal or commodity, exchange or market, to be operated by authorised persons, for trade in any designated foreign currency, subject to such terms, conditions and procedures as may be prescribed;
- (r) to call for documents or information as may be required, in respect of any application made by any company or person to the Commission, for registration as an authorised person;
- (s) to amend, transfer, assign, renew or accept the surrender of, any registration, licence, authorisation or other approval, at the request of an authorised person;

- (t) to amend, cancel, suspend or revoke any registration, licence, authorisation or approval granted by the Commission, in the event of a material default or breach by an authorised person;
 - (u) to prepare, develop, amend, update, publish and enforce all Community Rules and, enforce the Development Control Regulations as may be prescribed for applicability within the Area of Authority of the Colombo Port City;
 - (v) to facilitate the formulation of regulations on matters required to be prescribed in terms of this Act;
 - (w) to make rules and codes in respect of matters set out in this Act and specify procedures and standards, issue directions and guidelines as may be required for the due administration and management of the powers, duties and functions of the Commission, which shall be applicable within the Area of Authority of the Colombo Port City;
 - (x) to facilitate the expeditious resolution of any commercial dispute involving an authorised person as provided for in this Act;
 - (y) to make recommendations relating to policy formulation to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, on any matter pertaining to the Area of Authority of the Colombo Port City;
 - (z) to submit reports on any specific matter relating to the Area of Authority of the Colombo Port City, as may be requested by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister;
 - (aa) to submit to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, and to the Minister assigned the subject of Finance, an annual report on the operations, income and expenditure of the Commission, to be placed before Parliament;
 - (ba) to appoint, remove and exercise disciplinary control over, the Director-General and determine the terms and conditions of his service including the salary, and any other allowances, in consultation with the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with such Minister and to remunerate the Director-General out of the Fund of the Commission;
 - (ca) to appoint and dismiss and exercise disciplinary control over the staff of the Commission and to determine the terms and conditions of their service including their salaries, wages and any other allowances, as may be determined by the Commission;
 - (da) to engage the services of consultants or advisors as may be necessary to assist the Commission in the exercise, performance and discharge of its powers, duties and functions in such manner and at such amounts as may be determined by the Commission in consultation with the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with such Minister and remunerate them out of the Fund of the Commission;
 - (ea) to hold, take on lease or rent in the name of the Commission any office and other space as may be required for operational or administrative purposes of the Commission;
 - (fa) to manage the Fund of the Commission, make investments, operate and maintain bank accounts and borrow funds subject to such regulations as may be prescribed in terms of this Act, and to approve and manage the annual budget of the Commission;
 - (ga) to regulate gaming activities within the Area of Authority of the Colombo Port City and where required, to make regulations for the management of such activities;
 - (ha) to delegate or assign to the company incorporated in terms of the Companies Act, No. 7 of 2007 and designated the Estate Manager in terms of section 59 of this Act, such functions as are connected with the subjects of condominium management and apartment ownership or any other assigned function, which may be prescribed ; and
 - (ia) generally, to do all other acts and things, incidental to or consequential upon, the exercise, performance and discharge of the powers, duties and functions vested in, assigned or delegated to the Commission in terms of this Act.
- (2) In the exercise, performance and discharge of its powers, duties and functions as set out in subsection (1), the Commission shall, when engaging in international promotional activities in relation to the Colombo Port City, ensure to the greatest extent possible, a domestic content in the development of documentaries, preparation of content, designing and information technology support, and a participation of local aptitude and skills in such promotional activities.

PART III

COMPOSITION OF AND THE ADMINISTRATION AND MANAGEMENT OF THE AFFAIRS OF THE COMMISSION

7. (1) The Commission shall consist of not less than five members and not more than seven members, who shall be appointed by the President while ensuring that the majority including the Chairperson of the Commission are Sri Lankans.

In making such appointments, consideration shall be afforded to ensure that such members possess relevant knowledge, expertise and experience and national or international recognition, in the fields of Investment, Finance, Law, Information Technology, Engineering, Business or Accountancy. The President shall appoint one member from amongst such members, to be the Chairperson of the Commission.
- (2) In appointing the members of the Commission, consideration shall be afforded to ensure that the composition of the Commission is representative, in terms of knowledge, expertise and experience and national or international recognition.
8. The Chairperson and members of the Commission shall hold office for a period of three years from the date of appointment unless such person earlier vacates office by death, resignation or removal under subsection (3) of section 9.
9. (1) The Chairperson or members of the Commission shall be eligible for re-appointment unless any such person has been removed from office under subsection (3) hereunder.
- (2) The Chairperson or a member of the Commission may resign from their office by a written communication addressed to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, in that regard and such resignation shall take effect on it being accepted by the President or such Minister.
- (3) The President may remove the Chairperson or a member of the Commission, from office,-
 - (a) on written notice, if the Chairperson or any member becomes incapable, due to ill-health, of effectively performing the duties of his office;
 - (b) with immediate effect, if the Chairperson or any member has since being so appointed, been declared bankrupt or been convicted of a criminal offence, by a court of competent jurisdiction; or
 - (c) being satisfied, upon consideration of representations made, that the Chairperson or any member is guilty of fraud, grave misconduct or gross negligence, which warrants his removal from office with immediate effect.
- (4) Upon the vacation of office by the Chairperson or a member as the case may be, of the Commission, by death, resignation or removal, the President shall appoint another person to fill such vacancy and such person shall hold office for the unexpired period of the term of office of the Chairperson or the member who so vacated office.
- (5) Where the Chairperson or a member of the Commission is temporarily unable to discharge the functions of his office for a considerable period on account of ill-health, absence from Sri Lanka or any other cause, the President may appoint another member to act in place of such Chairperson or a person as a member, during the absence of the Chairperson or such member as the case may be.
10. (1) The quorum for a meeting of the Commission shall be four members. The meetings of the Commission shall be presided over by the Chairperson of the Commission. In the absence of the Chairperson from any meeting of the Commission, the meeting shall be chaired by a member elected by the members present.
- (2) All questions for decision at any meeting of the Commission shall be decided by the vote of the majority of members present and voting at such meeting. In the case of an equality of votes, the Chairperson shall, in addition to his vote, have a casting vote.
- (3) A meeting of the Commission may be held either-
 - (a) by the number of members who constitute a quorum being assembled at the place, date and time appointed for the meeting; or
 - (b) by means of audio-visual communication by which all members participating and constituting a quorum can simultaneously see and hear each participating member for the duration of the meeting.
- (4) The Commission may make rules for the conduct of meetings of the Commission and the procedure to be followed thereat and the Community Rules as required for the guidance of the Commission in its day to day activities within the Area of Authority of the Colombo Port City.

11. No act or proceeding of the Commission shall be, or be deemed to be, invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.
12. The remuneration of the Chairperson and other members of the Commission shall be as may be determined by the President.
13. (1) The Chairperson or any other member of the Commission who, whether directly or indirectly, has any interest in an authorised person, shall forthwith inform the Director-General in writing of the nature and extent of such interest. Such member shall not thereafter participate or vote on any decision directly or indirectly relating to such interest.
(2) If the Chairperson or any other member of the Commission, who has, whether directly or indirectly, any interest in an authorised person, participates directly or indirectly in any decision, such decision shall be voidable.
14. (1) The Commission shall be charged with the financial management of the affairs of the Commission and the due operation and management of the Fund established in terms of section 23 of this Act.
(2) In the discharge of the functions under this Act, the Commission may make investments, operate and maintain bank accounts and borrow funds as provided for in terms of this Act and subject to such regulations as may be prescribed and approve and manage the annual budget of the Commission.
(3) The financial year of the Commission shall be the calendar year.
15. (1) The accounts of the Commission shall be audited annually by a qualified auditor in terms of Article 154 of the Constitution. For the purposes of this section, the qualified auditor so appointed may be an international firm of accountants.
(2) The final Audit Report shall be submitted to the President, or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, to be tabled in Parliament.
16. (1) The Commission shall maintain books, registers and records of minutes, accounts, cash securities, vouchers and other documents in compliance with the applicable International Financial Reporting Standards.
(2) The Commission shall prepare annually a financial statement in compliance with International Financial Reporting Standards. The Commission shall also appoint annually an international firm of accountants to audit and report on its financial statement and state whether in its opinion, the financial statement so audited provides a true and fair view of the financial affairs of the Commission.
17. The Commission may, where so required, call for information and reports as it may deem necessary for the purposes of this Part of this Act.
18. The Commission may delegate such of its powers, duties and functions under this Act, as the Commission may determine, either to the Director-General, to any officer of the Commission or any person holding a position of responsibility employed by the Commission, and the Director-General, officer of the Commission or person holding a position of responsibility employed by the Commission shall exercise, perform and discharge such delegated powers, duties and functions subject to the direction and supervision of the Commission.
19. (1) The Commission shall establish such number of administrative units within the Commission as may be required for the efficient exercise, performance and discharge of its powers, duties and functions in terms of this Act.
(2) The Director-General may, with the approval of the Commission, delegate in writing to any administrative unit or employee of the Commission, such of the powers, duties or functions of the Director-General as may be considered necessary from time to time, and any such administrative unit or employee to whom any such powers, duties or functions are delegated, shall be responsible for the same, and shall exercise them subject to the direction and supervision of the Commission or the Director-General.
20. The Commission, its officers and employees shall not be liable for any act done or purported to be done or any omission made, in good faith during the exercise, performance or discharge of its or their powers, duties or functions under this Act, provided that such immunity shall not extend to –
(a) liability for a criminal offence under any written law for the time being in force;
(b) any act done in contravention of the provisions of this Act, or any other applicable written law, or any regulations made thereunder.
21. Any expense incurred by the Commission in any suit or proceeding brought by or against the Commission before any court or the International Commercial Dispute Resolution Centre established in terms of this Act, or such other body shall be paid out of the Fund of the Commission and any costs paid to, or recovered by the Commission in any such suit or proceeding, shall be credited to the Fund of the Commission.

22. Any expense incurred by any member, officer or employee of the Commission in any suit or proceeding brought against such person before any court or the International Commercial Dispute Resolution Centre established in terms of this Act, or such other body in respect of any act which is done, or is purported to be done, in terms of this Act or on the direction of the Commission shall be paid out of the Fund of the Commission and any costs paid to, or recovered by, the Commission in any such suit or proceeding, shall be credited to the Fund of the Commission:

Provided however, if the court or the International Commercial Dispute Resolution Centre or such other body, holds that such act was not done in good faith, such expense paid out of the Fund of the Commission shall be recovered from such person and be credited to the Fund of the Commission.

PART IV

FUND OF THE COMMISSION

23. (1) The Commission shall have its own Fund.
- (2) There shall be paid into the Fund of the Commission –
- (a) a sum of Sri Lanka Rupees four hundred million being the initial contribution payable by the Project Company to the Fund of the Commission, on account of the Commission discharging inter alia, the functions of the investment facilitator of the Colombo Port City, which sum shall be used by the Commission to defray initial setting up and operational expenditure of the Commission, including international promotional expenditure of the Colombo Port City and Sri Lanka and such other expenses as may be incurred by the Commission in terms of this Act;
 - (b) all sums of money equivalent to one percentum of all sums received from any lease of Project Company Marketable Land situated within the Area of Authority of the Colombo Port City, on account of the Commission discharging inter alia, the functions of the investment facilitator in relation to Marketable Land situated within the Area of Authority of the Colombo Port City, executed from the date of commencement of this Act and ending on June 30, 2028, after deducting therefrom, the initial contribution made by the Project Company in terms of paragraph (a) above and any taxes as may be payable thereon which sum shall be used by the Commission to defray expenditure incurred by the Commission in terms of this Act as set out in paragraph (a) (the Commission having remitted the entire balance of all sums so received to the Project Company simultaneous to the execution of indentures of lease of Project Company Marketable Land);
 - (c) all sums of money equivalent to one percentum from all sums received from July 1, 2023 and ending on June 30, 2028, from any lease of Government Marketable Land situated within the Area of Authority of the Colombo Port City, retained by the Commission, as a service fee, to defray expenditure incurred by the Commission for international promotional expenditure of the Colombo Port City and Sri Lanka, (the Commission having remitted the entire balance of all sums so received to the Consolidated Fund, simultaneous to the execution of the respective indentures of lease, which sums will form part of Government Revenue);
 - (d) all sums of money as may be received by the Commission by way of local assessment rates and any other levies imposed by the Commission at such rates as prescribed within the Area of Authority of the Colombo Port City, (which sums shall be credited to the Consolidated Fund on a quarterly basis, and will form part of Government Revenue);
 - (e) all sums of money as may be received by the Commission by way of fees or charges, as the case may be, imposed by the Commission or the Estate Manager, for services or facilities provided within the Area of Authority of the Colombo Port City, as may be decided by the Commission in the exercise, performance and discharge of the powers, duties and functions assigned to the Commission or the Estate Manager, in terms of this Act;
 - (f) all grants, donations, gifts or bequests from any legitimate source whatsoever, whether domestic or foreign as shall be received by the Commission, through the Department of External Resources of the General Treasury;
 - (g) all sums of money borrowed by the Commission in accordance with regulations which shall be made for such purpose; and
 - (h) any other sums of money as may accrue to the Commission, in the exercise, performance and discharge of the powers, duties and functions of the Commission.
- (3) There shall be paid out of the Fund of the Commission, all sums of money as may be required in order to defray any expenditure incurred by the Commission, in the exercise, performance and discharge of its powers, duties and functions in terms of this Act, while ensuring that-

- (a) the limitations set out in paragraph (c) of subsection (2), correlated to the achievement of the objectives of the Commission through international promotional activities, are adhered to;
 - (b) the balance to be remitted to the Project Company under paragraph (b) of subsection (2) are so remitted; and
 - (c) all funds required to be credited to the Consolidated Fund in terms of the provisions of this Act, are so credited.
- (4) The Fund of the Commission shall be audited annually by a qualified auditor in terms of Article 154 of the Constitution. For the purposes of this section, the qualified auditor so appointed may be an international firm of accountants.
- (5) The final audit report shall be submitted to the President, or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, to be tabled in Parliament.
- (6) It is hereby noted that the Commission shall be estimated to be self-sustainable by July 1, 2028.
- (7) For the purposes of subsection (2), when carrying out international promotional activities of the Colombo Port City and Sri Lanka and incurring related expenditure, the Commission shall ensure the involvement of both international and local expertise and aptitude.

PART V

THE DIRECTOR-GENERAL AND THE STAFF OF THE COMMISSION

24. (1) The Commission shall, in consultation with and with the approval of the President, appoint a suitable person, possessing such qualifications and experience and local or international exposure to be the Director-General of the Commission (in this Act referred to as the "Director-General").
- (2) The Director-General shall be the Chief Executive Officer of the Commission.
- (3) The Director-General shall be appointed for a term of three years from the date of appointment on such terms and conditions as may be determined by the Commission in consultation with and with the approval of the President. The Director-General shall be eligible for reappointment unless removed from office in terms of subsection (6) of this section.
- (4) The Director-General shall, subject to the general direction and control of the Commission, be responsible for the conduct of all affairs of the Commission.
- (5) The Director-General shall be paid such remuneration as may be determined by the Commission, in consultation with the President.
- (6) The Commission may, in consultation with and with the approval of the President, for reasons assigned, remove the Director-General from office.
- (7) The Director-General may resign from his office by a written communication in that regard addressed to the Commission and to the President, and such resignation shall take effect on it being accepted by the President.
- (8) The provisions of subsection (3) of section 9 shall mutatis mutandis, apply in relation to the removal of the Director-General.
25. The powers, duties and functions of the Director-General shall be to-
- (a) establish and manage a dedicated Secretariat for the Commission, and to support and assist the Commission in the exercise, performance and discharge of its powers, duties and functions;
 - (b) conduct the day-to-day management and administration of the affairs of the Commission;
 - (c) manage human resources and related services as may be assigned or delegated by the Commission;
 - (d) prepare the annual budget of the Commission in consultation with the Commission, and forward the same to the President for his approval in consultation with the Minister assigned the subject of Finance;
 - (e) recommend to the Commission the fees and other charges to be imposed for the services and facilities provided by the Commission including for the issue or grant of a registration, licence, authorisation, permit, certificate and such other approval, as may be required;
 - (f) recommend to the Commission the renewal, suspension, revocation, cancellation or termination of any registration, licence, authorisation, permit, certificate and such other approval issued or granted by the Commission in terms of this Act;
 - (g) carry out any act as may be required in the discharge of his functions as the Director-General; and
 - (h) perform such other functions as may be assigned or delegated by the Commission.

PART VI

APPLICATION FOR AND APPROVAL AS AN AUTHORISED PERSON, AGREEMENT REQUIRED TO BE SIGNED, SINGLE WINDOW INVESTMENT FACILITATION, SRI LANKA CITIZENS ENGAGING IN BUSINESS, EMPLOYMENT, PURCHASING, LEASING OR RENTING PROPERTY, OR UTILISING FACILITIES OR SERVICES

26. (1) A person other than an authorised person in terms of this Act, shall not be permitted to engage in business, in and from the Area of Authority of the Colombo Port City.
- (2) In the case of a person intending to engage in business in and from the Area of Authority of the Colombo Port City, a licence issued by the Commission under this Part of this Act, shall be required for an applicant to be qualified as an authorised person and to be permitted to engage in business in and from the Area of Authority of the Colombo Port City.
- (3) In the case of a company intending to engage in business in and from the Area of Authority of the Colombo Port City–
- a license issued by the Commission under this Part of this Act; and
 - a Certificate of Registration issued under Part VII of this Act, shall be required for an applicant to be qualified as an authorised person and be permitted to engage in business in and from the Area of Authority of the Colombo Port City.
- (4) In the case of a company intending to engage in offshore banking business–
- a license issued by the Commission under this Part of this Act;
 - a Certificate of Registration issued under Part VII of this Act; and
 - a license issued under Part VIII of this Act, shall be required for an applicant to be qualified as an authorised person and to be permitted to engage in offshore banking business in and from the Area of Authority of the Colombo Port City.
27. (1) An application for a registration, licence, authorisation or such other approval as may be required to engage in business in and from the Area of Authority of the Colombo Port City in terms of this Act, shall be made to the Commission, in such form and manner, and on payment of the applicable fee for obtaining a registration, licence or authorisation or such other approval, as shall be prescribed.
- (2) Every application shall be accompanied by such information, documents and a non-refundable processing fee, as may be determined by the Commission.
- (3) Every application shall specify the total value of the proposed foreign direct investment, to be made in any designated foreign currency other than Sri Lanka Rupees, which shall also be set out in the relevant agreement to be executed by the Commission and the authorised person in terms of section 32 of this Act.
- (4) No foreign currency deposit in an account maintained or operated in Sri Lanka, in any licensed commercial bank or licensed specialised bank within the meaning of the Banking Act and no foreign currency raised through a foreign currency loan obtained from any such licensed commercial bank or licensed specialised bank, shall be used by an authorised person for the purpose of such investment, within the Area of Authority of the Colombo Port City. As such, subject to the provisions of subsection (5) of this section and section 39 of this Act, all investments made to carry on business in and from the Area of Authority of the Colombo Port City shall, in the interest of national economy, be raised outside Sri Lanka.
- (5) Any person or company, to whom the restrictions specified in the Land (Restrictions on Alienation) Act, No. 38 of 2014 do not apply, and who has leased land as permitted in terms of section 38 or section 39 of this Act, may along with an investor or a consortium of investors, apply to engage in business in and from the Area of Authority of the Colombo Port City in any designated foreign currency other than in Sri Lanka Rupees, on the basis that the value of the land so leased forms part of such investment. The Commission may grant such approval on the basis that dividend or any other financial benefit on such investment shall be made in a designated foreign currency other than in Sri Lanka Rupees, subject to such other conditions as may be prescribed:
- Provided that, in the event a dividend or any other financial benefit accrues to such person or company within a period of five years from the date of the respective lease paid for in Sri Lanka Rupees under section 39 of this Act, such person shall be required to remit such dividend or any other financial benefit to a Resident Foreign Currency Account operated and maintained in the name of the person or company that paid for the lease in Sri Lanka Rupees under section 39, in Sri Lanka outside the Area of Authority of the Colombo Port City.
28. (1) The Commission may call for any further information and documents as may be required with regard to any application made in terms of subsection (1) of section 27 and the applicant shall submit such information and documents within such period of time as may be determined by the Commission and communicated to the applicant.

- (2) Every registration, licence, authorisation or other approval issued or granted by the Commission in terms of this Act shall-
 - (a) be in such form as may be determined by the Commission;
 - (b) be granted on payment of a fee in such amount as may be prescribed by taking into consideration inter alia the type of business for which the same is being granted;
 - (c) specify the period of validity, if any, of the registration, licence or authorisation or such other approval;
 - (d) specify the business to be engaged by an authorised person, in and from the Area of Authority of the Colombo Port City; and
 - (e) specify the conditions, if any, to be attached to such registration, licence, authorisation or such other approval.
 - (3) The procedure for –
 - (a) approval of an applicant as an authorised person;
 - (b) amendment, surrender, transfer, assignment or renewal of a registration, licence or authorisation or other approval at the request of an authorised person; and
 - (c) suspension, revocation or cancellation, for good cause, of a registration, licence or authorisation or other approval, granted by the Commission, in the event of a material default or breach by an authorised person, having informed the authorised person the reasons therefor in writing, shall be as prescribed.
 - (4) The Commission shall maintain a Register which shall contain details of all authorised persons and the type of registration, licence, authorisation or other approval issued or granted to each of them, in the form and manner as may be determined by the Commission.
29. No applicant shall make –
- (a) in relation to any application submitted in terms of this Part of this Act; or
 - (b) in relation to any information or particulars that the applicant is required to furnish in terms of this Act, any representation or statement that the applicant knows is false or misleading in any material particular. Any person who contravenes the provisions of this section commits an offence in terms of this Act.
30. (1) Subject to Part VII, Part VIII and section 33 of this Act, the Commission shall be the Single Window Investment Facilitator responsible for the consideration and determination, in an expeditious and coordinated manner, whether to accept or reject for good reason, any application made to the Commission for a registration, licence, authorisation or other approval as may be necessary, to engage in any business in, to invest in, to reside in or to be employed in the Area of Authority of the Colombo Port City.
- (2) The Commission shall, in its capacity as the Single Window Investment Facilitator, determine to either accept or reject an application received by the Commission in terms of section 27 of this Act. If an application is found to be acceptable, the Commission shall inform the applicant in writing, of its decision. In the event of an application being rejected, the Commission shall inform the applicant of the fact of rejection in writing, along with its reasons for such decision. The decision of the Commission shall be final.
- (3) The Commission shall obtain the concurrence of any relevant Regulatory Authority in the process of granting such registration, licence, authorisation or other approval, where so required by the respective written laws applicable to such Authority, in respect of the subjects vested in or assigned to, such Authority and to the extent specifically provided for in this Act:
- Provided that, the concurrence of the relevant Regulatory Authority sought shall be limited to the implementation by the Commission, within the Area of Authority of the Colombo Port City, of the respective written laws applicable to such Authority: Provided further, the relevant Regulatory Authority from whom such concurrence is being sought by the Commission, shall, as soon as practicable in the circumstances, as a matter of priority, communicate its decision to the Commission.
- (4) To ensure that the processing of applications made to the Commission is carried out in an expeditious manner, the Commission shall require any relevant Regulatory Authority to operate an office within the Area of Authority of the Colombo Port City. The relevant Regulatory Authority shall ensure that such office is managed by officers of sufficient seniority and authority, to ensure expeditious processing of such applications and communicating its decision.
31. (1) Where the Commission, after evaluation of an application received in terms of section 27 of this Act, considers such application to be acceptable in the national interest or in the advancement of the national economy, it shall proceed to issue or grant the registration, licence, authorisation or other approval, applied for.

- (2) The registration, licence, authorisation or other approval so issued or granted, may be subject to such terms or conditions as the Commission considers necessary.
 - (3) Where a registration, licence, authorisation or other approval is so issued or granted by the Commission, it shall be the responsibility of the Commission to be satisfied after due concurrence obtained from the relevant Regulatory Authorities, where so required by the respective written laws applicable to such Authority, that all legal and regulatory requirements have been duly complied with, in respect of the relevant registration, licence, authorisation or other approval, unless any condition to the contrary is specified in any such document.
32. The Commission shall enter into an agreement with every authorised person setting out inter alia any terms, conditions, restrictions attached, the total value of the foreign direct investment committed to be made (inclusive of any sum paid in terms of section 39), and any concessions or exemptions and the period pertaining to which they are granted under this Act, in relation to the investment to be engaged in within the Area of Authority of the Colombo Port City. Every such agreement shall include a provision whereby the parties agree to the resolution of any dispute concerning thereof or arising therefrom, by way of arbitration in terms of Part XIII of this Act. Any equity contribution made as provided for in subsection (5) of section 27 shall also be separately reflected therein.
33. (1) The Commission, as the Single Window Investment Facilitator, shall accept an application for and facilitate the processing of, any visa, entry permit or work permit, and other approvals as may be required by an authorised person, any consultant of, or any person specially authorised by an authorised person or an employee of an authorised person, and a person who intends to engage in business, to invest in, to reside in or to be employed in the Area of Authority of the Colombo Port City, as may be necessary.
- (2) Where the Commission after evaluation of an application under subsection (1) considers such application to be acceptable in the national interest or in the advancement of the national economy, it may inform the Controller of Immigration and Emigration of such fact and recommend that such visa, entry permit or work permit or other approval, be granted as a matter of priority.
- (3) On the basis of the decision of the Controller of Immigration and Emigration, the Commission shall, if the application is accepted by the Controller of Immigration and Emigration, inform the applicant in writing, and facilitate the issuance of such visa, entry permit, work permit or other approval as the case may be, or if the application is rejected, inform the applicant in writing of the same setting out the reasons therefor as informed by the Controller of Immigration and Emigration. The decision of the Controller of Immigration and Emigration shall be final.
34. Where the Commission subsequent to the facilitation and the issuing or granting-
- (a) of any registration, licence, authorisation or other approval in terms of section 31; or
 - (b) of any visa, entry permit or work permit or other approval as set out in section 33,
- becomes aware of a reason that compels the Commission to recommend to the Controller of Immigration and Emigration to suspend, revoke or cancel the same, as he may deem necessary, the Commission shall inform the Controller of Immigration and Emigration and the authorised person, of the same. The Controller of Immigration and Emigration shall thereupon take action to suspend, revoke, or cancel the registration, licence, authorisation or other approval as the case may be. Upon the taking of action for such suspension, revocation or cancellation as the case may be, the Controller of Immigration and Emigration shall notify the Commission of the same and the Commission shall immediately thereupon notify the relevant authorised person accordingly. The decision of the Controller of Immigration and Emigration shall be final.
35. An authorised person permitted to engage in business in and from the Area of Authority of the Colombo Port City, may employ any person, whether a resident or a non-resident, and such employee shall be remunerated in a designated foreign currency, other than in Sri Lanka Rupees, and –
- (a) any employment income of a resident employee so received shall be exempt from income tax and shall be deemed to be a permissible credit to a personal foreign currency account of such resident employee;
 - (b) any employment income of a non-resident employee so received shall be exempt from income tax and notwithstanding anything to the contrary contained in any other written law, such non-resident employee shall not be liable to income tax in Sri Lanka on any income earned outside Sri Lanka.
36. An authorised person engaged in business in and from the Area of Authority of the Colombo Port City may accept payments in Sri Lanka Rupees in respect of any goods or services provided by such authorized person within the Area of Authority of the Colombo Port City, to a citizen of Sri Lanka or a resident. Any Sri Lanka Rupees so accepted by such authorised person may be converted to a designated foreign currency in such manner and subject to such conditions as shall be prescribed.

37. (1) An authorised person may, subject to the applicability of all written laws for the time being in force and regulations which may be made hereunder, in the national interest and in order to safeguard the interest of the domestic economy, apply to the Commission for an authorisation to engage in business in Sri Lanka, with a citizen of Sri Lanka or a resident, who is engaged in business in Sri Lanka outside the Area of Authority of the Colombo Port City.
- (2) The Commission having considered such request, may in the national interest or in the advancement of the national economy, and while ensuring the interest of the domestic economy, issue such an authorisation in such manner and subject to such conditions as shall be prescribed.
- (3) Where the Commission issues an authorization to an authorized person under subsection (1) to engage in business with a citizen of Sri Lanka or a resident who is engaged in business in Sri Lanka outside the Area of Authority of the Colombo Port City, such authorized person shall not be entitled to claim or receive any exemptions or incentives as provided for in Part IX of this Act or under any other Part of this Act, in relation to engaging in business in Sri Lanka with a citizen of Sri Lanka or a resident outside Area of the Authority of the Colombo Port City.
38. The Commission may, subject to the provisions of this Act, the provisions of the Land (Restrictions on Alienation) Act, No. 38 of 2014 and other applicable written laws-
- (a) lease, Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act;
- (b) lease, Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, jointly with the Project Company which holds Master Leases relating thereto;
- (c) lease or transfer on freehold basis, condominium parcels standing on Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, jointly with the respective investor or developer, as the case may be;
- (d) lease or transfer on freehold basis, condominium parcels standing on Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, jointly with the Project Company which holds Master Leases relating thereto, to any person, and payment therefor shall be made in any designated foreign currency, other than Sri Lanka Rupees.
39. Notwithstanding the provisions of section 38, the Commission may lease Government Marketable Land or Project Company Marketable Land, or lease or transfer on freehold basis any condominium parcel standing on either Government Marketable Land or Project Company Marketable Land, to any person or company, to whom the restrictions specified in the Land (Restrictions on Alienation) Act, No. 38 of 2014 do not apply, in Sri Lanka Rupees, in accordance with such terms and conditions as may be determined by the Commission:
- Provided that, if such person or company to whom the restrictions specified in the Land (Restrictions on Alienation) Act, No. 38 of 2014 do not apply and who has made payment in Sri Lanka Rupees, and who, within a period of five years from the date of the respective transaction paid for in Sri Lanka Rupees, in turn transfers, leases or rents such property to a third party on payment made in any designated foreign currency other than Sri Lanka Rupees, shall be required to remit the sum so received in a designated foreign currency other than Sri Lanka Rupees, to a Resident Foreign Currency Account operated and maintained in Sri Lanka outside the Area of Authority of the Colombo Port City, in the name of the aforesaid person or company in such manner as shall be prescribed.
40. (1) A citizen of Sri Lanka or a resident may utilise any retail facilities or services within the Area of Authority of the Colombo Port City at restaurants, cinemas, entertainment facilities, shopping facilities or parking facilities, upon making related payments in Sri Lanka Rupees.
- (2) Any levy as may be required to be paid by a citizen of Sri Lanka or a resident on goods purchased at retail facilities as set out in subsection (1), to be taken out of the Area of Authority of the Colombo Port City, shall be as prescribed.
- (3) The amount received by any authorised person when a citizen of Sri Lanka or a resident utilises any retail facilities or services as set out in subsection (1), may be converted by such authorised person into any designated foreign currency in such manner and subject to such conditions as shall be prescribed.

PART VII

OFFSHORE COMPANIES TO OPERATE WITHIN THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY

41. (1) The provisions of this Part of this Act shall, notwithstanding the provisions of Part XI of the Companies Act, No. 7 of 2007, be applicable in relation to offshore companies incorporated to engage in business in and from the Area of Authority of the Colombo Port City.

- (2) On receipt of an application from a company to be registered as an offshore company under this Part of this Act, the Commission shall, if such application is acceptable to the Commission, while having regard to the national interest or in the advancement of the national economy, recommend to the Registrar-General of Companies to proceed to register such company as an offshore company in terms of Part XI of the Companies Act, No. 7 of 2007 and issue a Certificate of Registration to the applicant company as an offshore company permitted to engage in business in and from the Area of Authority of the Colombo Port City.
- (3) An application to the Commission, to be registered as an offshore company shall be accompanied by the following :—
 - (a) a certified copy of the charter, statute or articles of association of the company or such other instrument constituting or defining the constitution of the company, and where such instrument is not in an official language or in English, a translation of the instrument in English;
 - (b) a list of the directors or those managing the affairs of the company, containing their full names, addresses, occupations and the office they hold in the company;
 - (c) in the case of a company incorporated overseas, the names and addresses of one or more persons who are resident in and are citizens of Sri Lanka, who is or are authorised to represent the company;
 - (d) in the case of a company incorporated overseas –
 - (i) a statement containing the full address of the registered or principal office of the company in the country of incorporation and of the office of the company in Sri Lanka; and
 - (ii) a copy of the Certificate of Incorporation, certified by the issuing authority within thirty days prior to the submission of the application;
 - (e) a duly authenticated statement issued by the company, to the effect that there are no legal impediments in the country of incorporation of such company, for such company to be registered to carry on business as an offshore company; and
 - (f) the non-refundable processing fee in such amount as may be determined by the Commission.
- (4) The applicant shall, in the event of any change or alteration to the particulars set out in an application so tendered, forthwith inform the Commission of such change or alteration and the Commission shall notify the Registrar-General of Companies of the same, for steps to be taken in that regard as may be necessary.
- (5) A Certificate of Registration issued by the Registrar-General of Companies in the name of an applicant to operate as an offshore company in terms of this Part of this Act, shall be deemed to exempt such company to which a Certificate of Registration is issued to engage in business in and from the Area of Authority of the Colombo Port City, from having to comply with the provisions of the such Companies Act.
- (6) A company to whom a Certificate of Registration has been issued in terms of the preceding provisions of this section, permitting such company to engage in business as an offshore company in and from the Area of Authority of Colombo Port City, shall be deemed to be a non-resident company within the meaning and for the purposes of, the Inland Revenue Act, No. 24 of 2017.
- (7) Any regulation may be made for the purposes of this Part of this Act to be applicable to offshore companies herein incorporated, on the basis that the company that applied to be registered under this Part of this Act is being regulated in the country of its incorporation.
- (8) An offshore company registered under this Part of this Act may carry on business as authorised by the Commission only in and from the area of Authority of the Colombo Port City, in terms of this Act.
- (9) An offshore company which intends to continue its business as an offshore company in terms of this Act shall, at the commencement of that year and no later than the thirtyfirst day of January of every succeeding year, produce in the manner specified, to the Registrar-General of Companies proof of payment of the annual fee, in such amount as shall be determined by the Commission.
- (10) An offshore company so registered may notify the Commission of its intention to cease carrying on business as an offshore company in and from the Area of Authority of the Colombo Port City, by giving notice in writing to the Commission. The Commission shall, with the concurrence of the Registrar-General of Companies, take such steps as may be required.
- (11) The Commission may for good cause, recommend to the Registrar-General of Companies, while stating the reasons therefor, to cancel any Certificate of Registration issued, and the Registrar-General of Companies shall cancel such Certificate of

Registration. Upon such cancellation, the offshore company shall cease to enjoy the privileges and benefits granted under this Act or consequently under any other written law of Sri Lanka. In the event of any such cancellation by the Registrar-General of Companies, the Commission shall inform the applicant of the same in writing, stating the reasons therefor.

PART VIII

OFFSHORE BANKING BUSINESS IN AND FROM THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY

42. (1) The provisions of this Part of this Act shall, notwithstanding the provisions of Part IV of the Banking Act, be applicable in relation to offshore banking business to be engaged in, in and from the Area of Authority of the Colombo Port City.
 - (2) A company licensed to engage in banking business in Sri Lanka in terms of the Banking Act or a company licensed to carry on banking business under any law, charter, statute, article of association or other instrument constituting or defining such constitution, in any other country, and intends to engage in offshore banking business in and from the Area of Authority of the Colombo Port City, may make an application to the Commission for a licence to engage in offshore banking business in and from the Area of Authority of the Colombo Port City in terms of this Act.
 - (3) The Commission shall, if such application is acceptable to the Commission, while having regard to the national interest or in the advancement of the national economy, with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, recommend to the Minister assigned the subject of Finance to proceed to grant a licence under the Banking Act to engage in offshore banking business in and from the Area of Authority of the Colombo Port City subject to such conditions as may be imposed within the scope of the limitations set out in this Act.
 - (4) A licence to carry on offshore banking business in and from the Area of Authority of the Colombo Port City may be issued by the Minister assigned the subject of Finance, with the concurrence of the Monetary Board, upon satisfaction of the requirements set out in this Act.
43. A licence to carry on offshore banking business in and from the Area of Authority of the Colombo Port City in terms of this Part of this Act may be suspended, revoked or cancelled by the Commission with the concurrence of the Monetary Board if it is proved after affording the licensee an opportunity to be heard in his defence, that the offshore banking business so engaged in is not in the national interest or in the advancement of the national economy, or that there appears to be a lack of prudent management and a visible instability of the offshore banking business being carried on.
44. The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister may, in consultation with the Minister assigned the subject of Finance and the Monetary Board, make regulations from time to time as may be required to give effect to the scope of this Act and to ensure prudent management and maintenance of confidence in the offshore banking business engaged in, in and from the Area of Authority of the Colombo Port City.
45. Regulations may be made for the purposes of this Part of this Act, with the concurrence of the Monetary Board, inter alia, to provide for the granting, suspension and cancellation of licences, the offshore banking business, reserve and capital requirements, reserve funds, maintenance of liquid assets, management of financial and operational risks, the requirement to submit proof of rating of the company which applied for registration of the offshore company in terms of Part VII of this Act, restrictions and penalties applicable in the event of reasonably established wrong-doing or visible instability of the offshore banking business being carried on, and such other relevant matters.
46. The Commission may, with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, recommend to the Minister assigned the subject of Finance, in the national interest or in the advancement of the national economy, to authorise any company engaged in offshore banking business to carry on all or any of the following businesses: -
- (a) accept savings, time and demand deposits from any authorised person or a non-resident in any designated foreign currency;
 - (b) borrow any sum in a designated foreign currency from any non-resident;
 - (c) extend accommodation to any non-resident in any designated foreign currency;
 - (d) engage in any transaction in any designated foreign currency with any other offshore unit;
 - (e) engage in any other transaction in a designated foreign currency with a non-resident;
 - (f) engage in any other transaction as may be envisaged under this Act; or
 - (g) engage in any other transaction in any designated foreign currency, authorised by the Commission with the concurrence of the Monetary Board.

47. Every company to whom a licence has been issued in terms of this Part of this Act to engage in offshore banking business shall prepare annually a financial statement in compliance with International Financial Reporting Standards.
48. (1) Every offshore company to whom a licence has been issued in terms of this Part of this Act to engage in offshore banking business shall appoint annually an international firm of accountants to audit and report on its financial statement referred to in section 47 and such international firm of accountants shall submit such report and shall inter alia state therein whether in its opinion, the financial statement so audited provides a true and fair view of such offshore company's offshore banking business and whether it remains a going concern.
- (2) A certified copy of such audit report shall be submitted to the Commission, and if the Commission is of the view that such international firm of accountants has not discharged its duties in accordance with International Financial Reporting Standards, the Commission may require a fresh audit report from another international firm of accountants of similar standing and repute.
49. (1) The Commission may require any competent person authorised in that behalf by the Commission to carry out an examination of any offshore company to whom a licence has been issued in terms of this Part of this Act to engage in offshore banking business, and submit a report if it is apparent that-
- (a) the international firm of accountants has failed to submit an audit report;
 - (b) there exists an inadequacy in the audit report referred to above;
 - (c) there are reasonable grounds to doubt the financial stability of the company in question or that the company is engaged in fraudulent, unsafe or unsound banking practices; or
 - (d) the company has failed to comply with the requirements of this Part of this Act in the carrying on of its offshore banking business.
- (2) If on the completion of an examination and the submission of the report in terms of subsection (1), it is established that such authorised person engaged in offshore banking business is engaged in fraudulent, unsafe or unsound banking practices or that its financial stability is in doubt, the Commission may, with the concurrence of the Monetary Board, impose restrictions on carrying on offshore banking business or impose a penalty or such other conditions as deemed appropriate.
50. Every company registered under this Part of this Act shall maintain books, minutes, accounts, cash securities, vouchers, other documents and records, in compliance with the applicable International Financial Reporting Standards.
51. Subject to the provisions of this Part of this Act, the Monetary Board may, from time to time, through the Commission, call for information and reports as it may deem necessary for the purposes of this Part of this Act.

PART IX

DETERMINATION AND GRANT OF EXEMPTIONS OR INCENTIVES FOR THE PROMOTION OF BUSINESSES OF STRATEGIC IMPORTANCE

52. (1) The provisions of this Part of this Act shall, notwithstanding the provisions contained in any other written law, be applicable to any authorised person carrying on a Business of Strategic Importance, as may be approved under this Part of this Act.
- (2) From and after the date of commencement of this Act, the Commission in consultation with the President or in the event that the subject of Colombo Port City is assigned to a Minister, in consultation with such Minister, may identify businesses, which may be designated as "Businesses of Strategic Importance" which would ensure the success of the objectives in establishing the Colombo Port City, having regard to the national interest or in the advancement of the national economy.
- (3) Upon a business being so identified as a Business of Strategic Importance, exemptions or incentives as provided in this Part of this Act may be granted thereto in accordance with the regulations made under this Act, in so far as it relates to its operations in and from the Area of Authority of the Colombo Port City. In the case of tax related exemptions, such exemptions may be granted, either in full or part, and from all or any of the enactments set out in Schedule II hereto.
- (4) The exemptions or incentives granted in terms of subsection (3) shall be embodied into the agreement referred to in section 32 of this Act to be signed by and between the Commission and the authorised person.
- (5) Regulations may be made prescribing guidelines on the grant of exemptions or incentives, as provided for in this Part of this Act.
- (6) The Commission may also extend such other assistance or facilitation as may be necessary as incentives to attract Businesses of Strategic Importance to the Colombo Port City.
- (7) The period of validity of such exemptions or incentives granted in terms of this section shall not exceed forty years.

53. (1) Upon a business being so identified as a Business of Strategic Importance, the Commission shall make recommendations to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister relating to the designation of such business as a Business of Strategic Importance and the grant of any exemptions or incentives in terms of section 52 of this Act.
- (2) The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister may, having considered such recommendations, and having regard to the national interest or in the advancement of the national economy, in consultation with the Minister assigned the subject of Finance, take such steps as are necessary to inform the Cabinet of Ministers, of –
- (a) the rationale for considering such business as a Business of Strategic Importance;
 - (b) the specific exemptions from those enactments listed in Schedule II to this Act, that are proposed to be applicable to such Business of Strategic Importance and any other incentives;
 - (c) the proposed date of commencement and date on which such exemptions or incentives shall cease to be operative, however not exceeding forty years from the date of commencement of such exceptions or incentives;
 - (d) the name of the applicant of the business being identified as a Business of Strategic Importance, in order to obtain the approval of the Cabinet of Ministers for the designation of such business as a Business of Strategic Importance and for the granting of exemptions or incentives to such business, as provided for in section 52 of this Act.
- (3) Within two weeks from the date on which the Cabinet of Ministers approves the designation of a business as a Business of Strategic Importance and the granting of the exemptions or incentives so approved, the President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister shall, by Order published in the *Gazette*, specify –
- (a) the rationale for considering such business as a Business of Strategic Importance;
 - (b) the specific exemptions from those enactments listed in Schedule II to this Act that are applicable to such Business of Strategic Importance and any other incentives granted;
 - (c) the date of commencement and date on which such exemptions and incentives shall cease to be operative; and
 - (d) the name of the applicant of the business identified as a Business of Strategic Importance.
- (4) Upon the expiry of thirty days from the date of such Order published in the *Gazette* under subsection (3), such Order along with a written confirmation issued under the hand of the Commission confirming that the exemptions or incentives set out in the notification are compliant with the provisions in terms of Part IX of this Act, shall be placed before Parliament for information.
- (5) For the purposes of this Part of this Act, a “Business of Strategic Importance” shall mean a business that is projected to ensure the success of establishing the Colombo Port City, having regard to the national interest or in the advancement of the national economy, and which is likely to bring economic and social benefit to the country, or is likely to change the landscape of the Colombo Port City, or which will enable global or regional business or service linkages, primarily through-
- (a) the strategic importance attached to the proposed business;
 - (b) the inflow of foreign exchange into the Area of Authority of the Colombo Port City, as a foreign direct investment into such business or expected to be generated through such business;
 - (c) the generation of employment that will enable income earning opportunities in designated foreign currencies other than in Sri Lanka Rupees, to those employed within the Area of Authority of the Colombo Port City;
 - (d) the envisaged transformation of knowledge in terms of the promotion of services, or the development or use of technology, including information technology;
 - (e) the destination promotion envisaged for Sri Lanka, through the promotion of tourism, entertainment and shopping activities, or through the promotion of urban amenity operations with the settlement of a residential community within the Area of Authority of the Colombo Port City; and
 - (f) the impetus envisaged through the promotion of services in and from the Area of Authority of the Colombo Port City, with the setting up of corporate headquarters operations and regional distribution operations.

PART X

APPLICABILITY OF THE CONDOMINIUM MANAGEMENT AUTHORITY LAW AND THE APARTMENT OWNERSHIP LAW

54. (1) From and after the date of commencement of this Act, unless otherwise stated to the contrary herein, the Condominium Management Authority Law and the Apartment Ownership Law shall, for the purpose of the effective implementation of the provisions of this Act, have effect within the Area of Authority of the Colombo Port City in the manner and subject to the modifications set out in subsection (2):

Provided that regulations made under the Condominium Management Authority Law or the Apartment Ownership Law and which are in force on the date of commencement of this Act, shall also be operative within the Area of Authority of the Colombo Port City until regulations are made under this Act:

Provided further, any regulation made under the Condominium Management Authority Law or the Apartment Ownership Law and which is applicable within the Area of Authority of the Colombo Port City shall, upon the making of a corresponding regulation in terms of this Part of this Act, cease to be applicable within the Area of Authority of the Colombo Port City with effect from the date of coming into operation of the regulation made under this Act.

- (2) From and after the date of commencement of this Act, the Commission shall, in any instance where the said Condominium Management Authority Law and the Apartment Ownership Law are applicable within the Area of Authority of the Colombo Port City, *mutatis mutandis*, exercise, perform and discharge all or any of the powers, duties and functions vested in or assigned to the Condominium Management Authority, in like manner as though a reference in the aforesaid Condominium Management Authority Law and the said Apartment Ownership Law –
- (a) to the “Condominium Management Authority”, were a reference to the “Colombo Port City Economic Commission” established under this Act; and
- (b) to the “Minister”, were a reference to the “President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister to whom the subject of Colombo Port City has been assigned”.
55. (1) In the exercise, performance and discharge of its powers, duties and functions under this Part of this Act, the Commission shall obtain the concurrence of Condominium Management Authority, to the extent specifically provided for in this Act.
- (2) The Condominium Management Authority shall, as a matter of priority in the circumstances, communicate its decision to the Commission.
- (3) To ensure that the construction of condominium properties within the Area of Authority of the Colombo Port City is carried out in an expeditious manner, the Commission may require the Condominium Management Authority to operate an office within the Area of Authority of the Colombo Port City. The Condominium Management Authority shall ensure that such office is managed by officers of sufficient seniority and authority to ensure expeditious implementation of the provisions of the Condominium Management Authority Law and the Apartment Ownership Law.

PART XI

APPLICABILITY OF THE SECURITIES AND EXCHANGE COMMISSION ACT

56. (1) Any stock exchange or market operated within the Area of Authority of the Colombo Port City shall regulate the listing and issue of securities in terms of the provisions of the Securities and Exchange Commission Act and regulations made under such Act.
- (2) For the purposes of this section, “securities” means debentures, stocks, shares, funds, bonds, derivatives including futures and options whatever the nature of the underlying asset relied on or notes issued or proposed to be issued, by any government or anybody, whether incorporate or unincorporated, including any rights, options or interests (whether described as units or otherwise) therein or in respect thereof, or any other instruments commonly known as securities, but does not include bills of exchange or promissory notes or certificates of deposits issued by a bank.
57. (1) From and after the date of commencement of this Act, unless otherwise stated to the contrary herein, the Securities and Exchange Commission Act shall, for the purpose of the effective implementation of the provisions of this Act, have effect within the Area of Authority of the Colombo Port City in the manner and subject to the modifications as are hereinafter set out in subsection (2):

Provided that any regulation made under the Securities and Exchange Commission Act, and which is in force on the date of commencement of this Act shall also be operative within the Area of Authority of the Colombo Port City until regulations are made under this Part of this Act:

Provided further that, any regulation made under the Securities and Exchange Commission Act and which is as aforesaid applicable within the Area of Authority of the Colombo Port City shall, upon the making of a corresponding regulation in terms of this Part of this Act, cease to be applicable within the Area of Authority of the Colombo Port City with effect from the date of coming into force of such regulation under this Act.

- (2) The Commission shall, in the exercise, performance and discharge of its powers, duties and functions to the extent provided in terms of this Part of this Act, where required in terms of the Securities and Exchange Commission Act, obtain the concurrence of the Securities and Exchange Commission in respect of the subjects vested in or assigned to, the Securities and Exchange Commission.
 - (3) Such concurrence of the Securities and Exchange Commission sought shall be limited to the implementation within the Area of Authority of the Colombo Port City, and in construing the provisions of the said Securities and Exchange Commission Act, a reference in so far as required for the purposes of this Part of this Act-
 - (a) to the "Securities and Exchange Commission", were a reference to the "Colombo Port City Economic Commission" established under this Act; and
 - (b) to the "Minister" were a reference to the "President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister to whom the subject of Colombo Port City has been assigned".
58. (1) Where the concurrence of the Securities and Exchange Commission is sought by the Commission, the Securities and Exchange Commission shall as soon as practicable in the circumstances, as a matter of priority, communicate its decision to the Commission.
- (2) To ensure that the operation of stock exchanges or markets within the Area of Authority of the Colombo Port City is carried out in an expeditious manner, the Commission may require the Securities and Exchange Commission to operate an office within the Area of Authority of the Colombo Port City. The Securities and Exchange Commission shall ensure that such office is managed by officers of sufficient seniority and authority.

PART XII

ESTATE MANAGER AND PROVISION OF GENERAL SERVICES

59. There shall be a company incorporated in terms of the Companies Act, No. 7 of 2007 which shall be designated as the Estate Manager to provide such services as set out hereunder within the Area of Authority of the Colombo Port City, including such other services as may from time to time be assigned by the Commission to the Estate Manager.
60. The Estate Manager shall act under the direction and supervision of the Commission and exercise, perform and discharge the following powers, duties and functions –
- (a) to assist service providers in providing utility services, such as gas, water, electricity, internet and communication facilities, sewerage and drainage, waste and garbage disposal and such other facilities to authorised persons, residents, occupiers and visitors in the Area of Authority of the Colombo Port City;
 - (b) to manage and maintain all common areas including the maintenance of street lighting and such other facilities;
 - (c) to facilitate the collection of area related rates and levies imposed by the Commission within the Area of Authority of the Colombo Port City as authorised by this Act, and collect fees and charges for services provided within the Area of Authority of the Colombo Port City, including management fees, utility charges, vehicle parking charges, user fees and such other fees or charges from authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City;
 - (d) to set up, operate and maintain common user facilities such as car parks within the Area of Authority of the Colombo Port City;
 - (e) to be responsible for the maintenance and upkeep of waterfronts, inland canals and such other areas between the offshore breakwater and the beaches of the Colombo Port City;
 - (f) to collect on behalf of the Commission, the local rates, levies and such other charges imposed by the Commission and applicable within the Area of Authority of the Colombo Port City, and credit the total of the sum so collected to a bank account as directed by the Commission;
 - (g) to levy berthing fees as may be necessary, being part of the services provided within the Area of Authority of the Colombo Port City;
 - (h) to be responsible for the operation and maintenance of an efficient and effective garbage collection and disposal system,

while ensuring the daily collection, sorting and removal and disposal of all types of garbage of the authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City, subject to compliance with such Development Control Regulations, and to enter into any related agreements with any third party, including outsourcing agreements where so required;

- (i) to supervise and administer all matters relating to roads or access ways within the Area of Authority of the Colombo Port City and the protection and promotion of the convenience and welfare of the authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City; and
- (j) to do such other things as may be directed by the Commission for the better management and welfare of the authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City.

61. The Estate Manager shall be deemed to be an authorised person and shall be entitled to all the benefits and privileges of an authorised person as specified in terms of this Act.

PART XIII

INTERNATIONAL COMMERCIAL DISPUTE RESOLUTION CENTRE

62. (1) The Commission shall facilitate the establishment of an International Commercial Dispute Resolution Centre, to be located within the Area of Authority of the Colombo Port City, which shall be incorporated as a company limited by guarantee under the Companies Act, No. 7 of 2007, for the purposes of offering conciliation, mediation, adjudication, arbitration and any other alternate dispute resolution services.
- (2) Any dispute that may arise, within the Area of Authority of the Colombo Port City, between –
- (a) the Commission and an authorised person or an employee of an authorised person where relevant; and
 - (b) the Commission and a resident or an occupier, provided that there exists in relation thereto, an agreement or other legally binding document as between the Commission and such resident or occupier, shall be resolved by way of arbitration conducted by the International Commercial Dispute Resolution Centre established under subsection (1).
- (3) Every authorised person shall ensure that all agreements entered into by such authorised person in terms of section 32 of this Act, shall contain a provision requiring a mandatory reference of any dispute that may arise within the Area of Authority of the Colombo Port City under such agreement, to arbitration, in terms of this section.
- (4) The International Commercial Dispute Resolution Centre shall be entitled to make or adopt rules of procedure for conciliation, mediation, adjudication, arbitration and any other alternate dispute resolution services which are offered by the International Commercial Dispute Resolution Centre.
- (5) The enforcement or setting aside of any arbitration award made by the International Commercial Dispute Resolution Centre setup under this Act shall be done in accordance with the provisions of the Arbitration Act, No. 11 of 1995.
- (6) A citizen of Sri Lanka or a resident may serve in any capacity in the operations or any activities of the International Commercial Dispute Resolution Centre established under subsection (1), while an internationally reputed professional may also be so involved.

PART XIV

PRIORITY IN HEARING LEGAL PROCEEDINGS

63. In order to foster international confidence in the ease of doing business and in the enforcement of contracts, in the national interest or in the advancement of the national economy, priority shall be given by courts in relation to any legal proceedings instituted in civil or commercial matters, where the cause of action has arisen within, or in relation to any business carried on in or from the Area of Authority of the Colombo Port City, to hear such cases expeditiously on a day-to-day basis, unless in the opinion of the court, exceptional circumstances warrant postponement, commencement or continuation of trial, for reasons which shall be recorded by court.

PART XV

INTERIM PROVISIONS AND INVESTMENT PROTECTION

64. (1) The Commission may, where it considers necessary to do so, as an interim measure, permit an authorised person to engage in business from a designated location in Sri Lanka outside the Area of Authority of the Colombo Port City as may

be approved by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister, for a period not exceeding five years from the date of commencement of this Act. Such business shall, for such period of five years, be entitled to all the privileges accorded to, and be deemed for all purposes to be a business situated within and engaged in business, in and from, the Area of Authority of the Colombo Port City.

- (2) Where an authorised person has been permitted to engage in business from a designated location in Sri Lanka outside the Area of Authority of the Colombo Port City in terms of subsection (1), such business shall be subject to the provisions of this Act and any regulations made hereunder.
65. (1) From and after the date of commencement of this Act, all land comprising the Area of Authority of the Colombo Port City shall be vested with the Commission in the manner set out in subsection (3).
- (2) Where any deed of transfer, indenture of lease, agreement or other similar document has been executed in respect of any land situated within the Area of Authority of the Colombo Port City prior to the date of commencement of this Act by the Urban Development Authority established under the Urban Development Authority Law, No. 41 of 1978, such deed of transfer, lease, agreement or other similar document shall, from and after the date of commencement of this Act, be deemed for all purposes to be a document executed by the Commission, in terms of the provisions of this Act and be valid and effectual as if executed hereunder.
 - (3) For the avoidance of doubt, it is hereby stated that on the coming into operation of this Act, the President may issue a Land Grant under the Crown Lands Ordinance (Chapter 454) in the name of the Commission, in respect of all land comprising the Area of Authority of the Colombo Port City as set out in Schedule I to this Act.
66. Where, prior to the date of commencement of this Act, any agreement has been entered into, in terms of the Board of Investment Law, No. 4 of 1978 and the Strategic Development Projects Act, No. 14 of 2008 relating to an investment within the Area of Authority of the Colombo Port City by the Board of Investment of Sri Lanka, and any Order published in the *Gazette* in terms of the Strategic Development Projects Act relating to an investment within the Area of Authority of the Colombo Port City, shall from and after the date of commencement of this Act, be deemed for all purposes to be an agreement executed by the Commission under section 32 of this Act and an Order published under Part IX of this Act, respectively, and be valid and effective as if executed hereunder.
67. Notwithstanding anything to the contrary contained in any other written law, no registration, licence, authorisation, permit or other approval granted in terms of this Act, or any deed of transfer or indenture of lease or agreement executed by the Commission in compliance with the provisions of this Act may be terminated or amended in any manner detrimental to the interests of the respective investor, other than upon the expiry or completion of the period or term as specified in the such registration, licence, authorisation, permit or other approval, or such deed of transfer or indenture of lease or agreement:
- Provided however, an early termination may take place-
- (a) consequent to an agreement between the relevant parties;
 - (b) pursuant to a breach of a term or condition embodied in the relevant document; or
 - (c) consequent to an express provision which provides for termination contained in this Act.

PART XVI

MISCELLANEOUS PROVISIONS

68. (1) Notwithstanding the provisions contained in any other written law, any person who, within the Area of Authority of the Colombo Port City-
- (a) establishes, commences or operates any business which requires a registration, licence, authorisation or such other approval in terms of this Act, without obtaining the same as required hereunder;
 - (b) engages in business as an authorised person in contravention of any provision in any registration, licence, authorisation or such other approval granted in terms of this Act;
 - (c) makes any representation or statement in relation to any application being submitted under this Act that such person knows is false or misleading in any material particular;
 - (d) furnishes false information, documents or particulars when such person is required to furnish any information, documents or particulars in terms of this Act or any other applicable written law; or

- (e) contravenes or fails to comply with any regulation made in terms of this Act, commits an offence and shall be liable on conviction after summary trial before a Magistrate, to a fine of not less than rupees one million and not more than rupees five million or to imprisonment for a term not less than three months and not more than two years, or both such fine and imprisonment and the court may take into consideration the grave nature of the offence committed, in fixing the amount of such fine or the period of such imprisonment.
 - (2) Where any person is convicted of an offence in terms of paragraph (a) of subsection (1), the court may in its discretion, make an additional order to the effect that the person so convicted shall refrain with immediate effect from engaging in, for a period to be specified, the business which he was engaging in without obtaining the required registration licence, authorisation or such other approval as the case may be, and which business he is now prohibited from engaged in until he has obtained a registration, licence, authorisation or such other approval for the same as required.
 - (3) (a) Notwithstanding the provisions contained in any other written law, any person who contravenes or fails to comply with any provision of this Act or any regulation made thereunder commits an offence under this Act and shall be liable on conviction after summary trial before a Magistrate to a fine of not less than rupees five hundred thousand and not more than rupees one million or to imprisonment for a term of not less than three months and not exceeding one year or to both such fine and imprisonment.
 - (b) The court may, in addition, impose a continuing fine not exceeding rupees five hundred thousand in respect of each day on which the fine is so continued.
69. Where an offence in terms of this Act is committed by an authorised person or persons, then-
- (a) if that authorised person or persons is a body corporate, every director, manager or secretary of that body corporate;
 - (b) if that authorised person or persons is a firm, every partner of the firm; or
 - (c) if that authorised person or persons is an unincorporated body other than a firm, every member of such body, shall be deemed to have committed that offence: Provided that, authorised person or persons of such firm or a member of such unincorporated body shall not be deemed to have committed such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.
70. (1) Where any person fails to pay any surcharge or penalty imposed on him by the Commission, the Commission shall cause a certificate to be issued under its hand.
- (2) Such certificate shall contain the particulars of the sum due and the name and address of the defaulter.
 - (3) Any person aggrieved by the certificate shall, within a period of fourteen days of the posting of such certificate, make an application to the Magistrate's Court to have such certificate set aside or varied.
 - (4) If no application is made in terms of subsection (3), the sum of money so certified shall be deemed to be a debt due from such person to the Commission and may be recovered by the Commission by issuing a certificate to the District Court.
 - (5) The provisions of the Civil Procedure Code (Chapter 101) shall be applicable to an application in terms of this section.
71. (1) The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister may, in consultation with the Commission and any relevant Regulatory Authority make regulations in respect of all matters for which regulations are required to be prescribed or authorised by this Act to be made.
- (2) Without prejudice to the generality of powers conferred by subsection (1), regulations may also be made in respect of all or any of the following matters:-
 - (a) prescribing the Development Control Regulations which are to be applicable within the Area of Authority of the Colombo Port City;
 - (b) identifying for the purposes of paragraph (p) of subsection (1) of section 6, the categories of local property rates and other levies to be applicable within the Area of Authority of the Colombo Port City and the sums payable as rates and other levies;
 - (c) specifying for the purposes of paragraph (q) of subsection (1) of section 6, the terms and conditions applicable to authorised persons in the establishment and operation of stock, precious metal or commodities exchanges or markets, and the sale of the same in and from the Area of Authority of the Colombo Port City;
 - (d) identifying for the purposes of paragraph (ga) of subsection (1) of section 6, the attributes of gaming locations within the Area of Authority of the Colombo Port City, and specifying the manner in which gaming activities are to be carried

on or be operated, and the procedure for obtaining a licence and the licence fees, royalties to be paid and any other related matter, as may be necessary;

- (e) specifying the functions which may be delegated or assigned to the Estate Manager in terms of paragraph (ha) of subsection (1) of section 6, as are connected with the subjects of condominium management and apartment ownership or which may be additionally required for the purpose of such section;
 - (f) specifying the form of the application, the procedure to be followed in making the application for a registration, licence, authorisation or other approval in terms of subsection (1) of section 27;
 - (g) specifying for the purposes of subsection (5) of section 27, such conditions as may be applicable;
 - (h) specifying for the purposes of paragraph (b) of subsection (2) of section 28, the fee payable for the grant of the respective registration, licence, authorisation or other approval taking into consideration the type of business to be engaged in, in terms of the same;
 - (i) specifying for the purposes of section 36, the procedure applicable to the conversion of such Sri Lanka Rupees to any designated foreign currency;
 - (j) specifying for the purposes of subsection (2) of section 37, the terms and conditions applicable to an authorised person who intends to do business in Sri Lanka outside the Area of Authority of the Colombo Port City with a citizen of Sri Lanka or a resident of Sri Lanka, and specifying the goods or services which cannot be supplied or provided to a person or company in Sri Lanka outside the Area of Authority of the Colombo Port City, in the interest of the domestic economy;
 - (k) specifying for the purposes of section 39, the procedure to be followed in making a remittance of money received in a designated foreign currency other than Sri Lanka Rupees, to a Resident Foreign Currency Account operated and maintained in Sri Lanka;
 - (l) specifying for the purposes of section 40, any levy as may be required to be paid by a citizen of Sri Lanka or a resident on goods purchased at retail facilities within the Area of Authority of the Colombo Port City and the procedure applicable to the conversion of payments made by a citizen of Sri Lanka or resident when using retail facilities or services at restaurants, cinemas, entertainment facilities, shopping facilities or parking facilities within the Area of Authority of the Colombo Port City, into any other designated foreign currency;
 - (m) specifying for the purposes of subsection (6) of section 41, the procedure, terms and conditions as may be applicable in relation to offshore companies under this Act;
 - (n) specifying guidelines as required by section 44, for ensuring the prudent management and maintenance of confidence of the offshore banking business in and from the Area of Authority of the Colombo Port City;
 - (o) specifying regulations for the purposes of section 45, relating to the granting, suspension and cancellation of licences, the capital requirements, reserve funds, maintenance of liquid assets, management of financial and operational risks, the requirement to submit proof of rating of the company, restrictions and penalties for contraventions, of those engaged in offshore banking;
 - (p) specifying for the purposes of section 52, guidelines on the grant of exemptions or incentives to a Business of Strategic Importance;
 - (q) specifying the procedure and other relevant matters as may be applicable to the construction of condominium parcels for lease or transfer on freehold basis, in terms of Part X of this Act;
 - (r) specifying all matters required for the implementation of the provisions of Part XI of this Act;
 - (s) specifying for the purposes of subsection (2) of section 64, the procedure to be followed in cases where an authorised person is permitted to engage in business in Sri Lanka, outside the Area of Authority of the Colombo Port City and any limitations applicable; and
 - (t) prescribing the amounts required to be paid by any person within the Area of Authority of Colombo Port City, in terms of section 70 of this Act as a surcharge or penalty, to the Commission.
- (3) Every regulation made under this Act shall be published in the Gazette and shall come into force on the date of such publication or on such later date as may be specified in such regulation.
- (4) Every regulation made under this Act shall, within a period of three months from the date of publication thereof in the Gazette, be brought before Parliament for approval, unless prevented due to the Parliament not being in session, in which event it shall be placed before Parliament at its earliest.

- (5) Any such regulation which is not approved by Parliament shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything previously done thereunder.
- (6) Notification of the date on which any such regulation is deemed to be so rescinded under subsection (5) shall be published in the Gazette.
72. All rules made under this Act shall be published in the Gazette within three months of the formulation.
73. The enactments listed in Schedule III to this Act shall have no application within the Area of Authority of the Colombo Port City, since the subjects dealt with in such enactments have been, *mutatis mutandis*, set out in this Act or alternate legal arrangements have been specifically set out in this Act, or such enactments are not relevant and are not required to be applicable within the Area of Authority of the Colombo Port City.
74. Nothing in this Act shall, unless otherwise specifically provided for in this Act, be deemed to restrict in any way the powers, duties and functions vested in any Regulatory Authority by any written law in relation to the Area of Authority of the Colombo Port City.
75. In this Act, unless the context otherwise requires-
- “Apartment Ownership Law” means the Apartment Ownership Law, No. 11 of 1973;
- “applicable written law” means all written laws of Sri Lanka, unless otherwise expressly stated to the contrary in this Act;
- “authorised person” means a person to whom a registration, licence, authorisation or such other approval as required in terms of this Act has been issued or granted by the Commission, subject to any condition as may be stipulated therein;
- “Banking Act” means the Banking Act, No. 30 of 1988;
- “Board of Investment Law” means the Board of Investment of Sri Lanka Law, No. 4 of 1978;
- “Board of Investment” means the Board of Investment of Sri Lanka established under the Board of Investment of Sri Lanka Law, No. 4 of 1978;
- “business” means any form of lawful business including a business providing financial or non-financial services and offshore business as permitted by this Act;
- “citizen of Sri Lanka” means a citizen of Sri Lanka within the meaning of the Citizenship Act (Chapter 451);
- “common areas” means -
- (a) the canal and the lagoons;
 - (b) parks and civic amenity areas; and
 - (c) beaches and landscaping,
- situated within the Area of Authority of the Colombo Port City and any other such area as may be decided by the Commission, to be a common area;
- “community rules” means rules specifying guidelines and instructions as formulated from time to time by the Commission, which are to be complied with by the owners and occupiers of Condominium Parcels or premises situated within the Area of Authority of the Colombo Port City, with a view to ensuring the maintenance of harmony and the promotion of a cohesive living environment;
- “company” includes any company or body corporate established under the Companies Act, No. 7 of 2007 or a company incorporated in any other jurisdiction under any law, charter, statute or other instrument constituting or defining the constitution of a company;
- “Condominium Management Authority Law” means the Condominium Management Authority Law, No. 10 of 1973;
- “condominium parcel” shall have the same meaning as given in the Apartment Ownership Law, No. 11 of 1973;
- “designated foreign currency” means a foreign currency determined to be “designated foreign currency” by the Monetary Board for the purposes of section 25 of the Banking Act, No. 30 of 1988;
- “Development Control Regulations” means development control regulations relating to the Area of Authority of the Colombo Port City and which are prescribed by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister in consultation with the Commission to facilitate implementation of the development objectives and the framework, required for the implementation of the Master Plan of the Colombo Port City;

“Government Marketable Land” means that proportion of the reclaimed land situated within the Area of Authority of the Colombo Port City, made available for the undertaking of residential, commercial, leisure, educational, cultural, community-based developments and other similar developments by the Government;

“licensed commercial bank” means a licensed commercial bank, to which a licence in terms of section 5 of the Banking Act, No. 30 of 1988 has been issued by the Monetary Board with the approval of the Minister assigned the subject of Finance;

“Master Plan” means the Plan of the Colombo Port City which provides the conceptual layout to guide future development of the Colombo Port City;

“Monetary Board” means the Monetary Board of the Central Bank of Sri Lanka established under the Monetary Law Act (Chapter 422);

“non-resident” means a person other than a resident; “offshore banking business” means the provision of banking or financial services by an authorised person as permitted under this Act, payable in any designated foreign currency, other than Sri Lanka Rupees, unless as provided in terms of this Act or as may be prescribed;

“offshore business” means the provision of services, including financial services, by an authorised person as provided for in terms of this Act, and where remuneration is payable in any designated foreign currency, other than Sri Lanka Rupees, unless as provided in terms of this Act or as may be prescribed; “person” includes a natural person, company, partnership, limited partnership and a foundation, which has been validly established under the laws of Sri Lanka or of any other jurisdiction;

“Project Company” means the developer of the Colombo Port City;

“Project Company Marketable Land” means that proportion of the reclaimed land situated within the Area of Authority of the Colombo Port City, made available to the Project Company by way of Master Leases issued by the Urban Development Authority to the Project Company, for the undertaking of residential, commercial, entertainment and leisure-based developments and other similar developments by the Project Company;

“Regulatory Authority” includes the Monetary Board of the Central Bank of Sri Lanka, the Registrar-General of Companies, the Director-General of the Central Environmental Authority, the Controller of Immigration and Emigration, the Director-General of Customs, and such other regulatory authority or approving authority, and in whom the powers, duties and functions relating to the respective subjects which are dealt with in this Act are vested in or assigned to, in terms of any applicable written law;

“Registrar-General of Companies” means the Registrar-General of Companies or such other officer exercising, performing or discharging, the function of registration of companies, in terms of the Companies Act, No. 7 of 2007;

“resident” means and includes -

- (a) a citizen of Sri Lanka residing in Sri Lanka;
- (b) an individual who is not a citizen of Sri Lanka but who has been in Sri Lanka for at least six months and continues or intends to be in Sri Lanka;
- (c) a company incorporated in Sri Lanka or a body corporate established under any written law or any firm, partnership or other organisation in Sri Lanka;
- (d) a branch, subsidiary, affiliate, extension, office or any other unit of a company or other juristic person established under the laws of any foreign country, operating in Sri Lanka;

“Securities and Exchange Commission Act” means the Securities and Exchange Commission Act, No. 36 of 1987; and

“Urban Development Authority” means the Urban Development Authority of Sri Lanka established under the Urban Development Authority Law, No. 41 of 1978.

76. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

SCHEDULE I

(sections 2 and 65)

BOUNDARIES OF THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY SPECIAL ECONOMIC ZONE

All that allotment of land marked as Lot Nos. 2 to 7 known as the ‘Port City Colombo’ depicted in Tracing No. CO/DSO/2019/370 dated 11.06.2019 prepared by the Surveyor General containing in extent of 446.6153 ha. situated in Colombo in the Western Province at the following connection points and the allotment is bounded as follows:-

Connection Point-Western Boundary of the Colombo Divisional Secretary's Division, Colombo District	East coordinate	North coordinate
Northern Connection Point	396913.476	492847.764
Southern Connection Point	397077.037	492290.222

1. Lot No. 2 : Extent : 155.8376 Ha.
 North : Lot Nos. 6 and 1, Colombo Port and Chaithaya Road;
 East : Lot No. 1, Colombo Port, Chaithaya Road, Indian Ocean and Lot No. 7;
 South : Indian Ocean, Lot Nos. 7, 6 and 3;
 West : Lot Nos. 6, 3 and 6.
2. Lot No. 3 : Extent : 15.0933 Ha.
 North : Lot Nos. 2;
 East : Lot Nos. 2 and 6;
 South : Lot Nos. 6 and 4;
 West : Lot Nos. 4 and 6.
3. Lot No. 4 : Extent : 113.5311 Ha.
 North : Lot Nos. 6 and 3;
 East : Lot Nos. 3 and 6;
 South : Lot Nos. 6, 5 and 6;
 West : Lot Nos. 6, 5 and 6.
4. Lot No. 5 : Extent : 14.7856 Ha.
 North : Lot Nos. 6 and 4;
 East : Lot Nos. 6 and 4;
 South : Lot No. 6;
 West : Lot No. 6.
5. Lot No. 6 : Extent : 101.1038 Ha.
 North : Lot Nos. 7, 1, 2, 3, 4, 5, 4, 3 and 2;
 East : Lot Nos. 1, 2, 3, 4, 5, 2 and 7;
 South : Lot Nos. 2 and 7;
 West : Lot Nos. 2 and 7.
6. Lot No. 7 : Extent : 46.2639 Ha.
 North : Indian Ocean, Lot Nos. 1, 6 and 2;
 East : Lot Nos. 1, 6 and 2 and Indian Ocean;
 South : Indian Ocean;
 West : Indian Ocean.

SCHEDULE II

(sections 52 and 53)

ENACTMENTS FROM, OR UNDER, WHICH EXEMPTIONS OR INCENTIVES MAY BE GRANTED

1. The Inland Revenue Act, No. 24 of 2017
2. The Value Added Tax Act, No. 14 of 2002
3. The Finance Act, No. 11 of 2002
4. The Finance Act, No. 5 of 2005
5. The Excise (Special Provisions) Act, No. 13 of 1989
6. The Customs Ordinance (Chapter 235)
7. The Ports and Airports Development Levy Act, No. 18 of 2011
8. The Sri Lanka Export Development Act, No. 40 of 1979
9. The Betting and Gaming Levy Act, No. 40 of 1988
10. Termination of Employment of Workmen (Special Provisions) Act, No. 45 of 1971
11. The Entertainment Tax Ordinance (Chapter 267)
12. The Foreign Exchange Act, No. 12 of 2017
13. Casino Business (Regulation) Act, No. 17 of 2010

SCHEDULE III

(section 73)

ENACTMENTS WHICH SHALL HAVE NO APPLICATION WITHIN THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY

1. The Urban Development Authority Act, No. 41 of 1978
2. The Municipal Council Ordinance (Chapter 252)
3. The Commercial Mediation Centre of Sri Lanka Act, No. 44 of 2000
4. The Town and Country Planning Ordinance (Chapter 269)
5. The Strategic Development Projects Act, No. 14 of 2008
6. Public Contracts Act, No. 3 of 1987
7. The Board of Investment of Sri Lanka Law, No. 4 of 1978

Fiscal Management (Responsibility) (Amendment) Act, No. 12 of 2021

[Certified on 14th of June, 2021]

**AN ACT TO AMEND THE FISCAL MANAGEMENT (RESPONSIBILITY)
ACT, NO. 3 OF 2003**

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Fiscal Management (Responsibility) (Amendment) Act, No. 12 of 2021 and shall be deemed to have come into operation on January 1, 2021.
2. Section 3 of the Fiscal Management (Responsibility) Act, No. 3 of 2003 is hereby amended as follows:-
 - (a) in paragraph (e) of that section, by the substitution, for the words “ten per centum;” of the words “fifteen per centum;” and
 - (b) in paragraph (f) of that section, by the substitution, for the words and figures “January 1, 2020” of the words and figures “January 1, 2030”.
3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Coronavirus Disease 2019 (COVID-19) (Temporary Provisions) Act, No. 17 of 2021

[Certified on 23rd of August 2021]

AN ACT TO MAKE TEMPORARY PROVISIONS IN RELATION TO SITUATIONS WHERE PERSONS WERE UNABLE TO PERFORM CERTAIN ACTIONS REQUIRED BY LAW TO BE PERFORMED WITHIN THE PRESCRIBED TIME PERIODS DUE TO COVID-19 CIRCUMSTANCES; TO ASSIGN ALTERNATIVE COURTS WHERE A COURT CANNOT FUNCTION DUE TO COVID-19 CIRCUMSTANCES; TO CONDUCT COURT PROCEEDINGS USING REMOTE COMMUNICATION TECHNOLOGY TO FACILITATE THE CONTROL OF CORONAVIRUS DISEASE 2019 (COVID-19); AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. (1) This Act may be cited as the Coronavirus Disease 2019 (COVID-19) (Temporary Provisions) Act, No. 17 of 2021. The provisions of this Act shall be in operation for a period of two years commencing from March 1, 2020.
- (2) The Minister may, at any time within one month prior to the expiration of the period of operation of this Act, by Order published in the Gazette, extend for a further period the operation of the Act: Provided however, the aggregate period of any extension shall not exceed two years from the date of such extension.

PART I**RELIEF FOR INABILITY TO COMPLY WITH PRESCRIBED TIME PERIODS**

2. (1) Where any court, tribunal or any other authority established by or under any law is satisfied that, a person was prevented from-
 - (a) instituting or filing any action, application, appeal or other legal proceeding, as the case may be, within the period prescribed by law for such purpose; or
 - (b) performing any act which is required by law to be done or performed within a prescribed time period,
 due to any COVID-19 circumstance, it shall be competent for such court, tribunal or any other authority established by or under any law to allow, admit or entertain an action, application, appeal, other proceeding or act, referred to in paragraph (a) or (b), notwithstanding the lapse of the time period prescribed by law for such purpose and subject to the provisions of

section 9, the period within which such person was subject to such COVID-19 circumstance shall be excluded in calculating the said prescribed time period.

- (2) Any relief granted under subsection (1) shall not apply in relation to any application or appeal-
- (a) to which the following rules apply-
 - (i) the Supreme Court (Temporary Provisions) Rules, 2020 published in the *Gazette Extraordinary* No. 2174/4 of May 6, 2020;
 - (ii) the Supreme Court (Temporary Provisions) Rules, 2021 published in the *Gazette Extraordinary* No. 2211/56 of January 21, 2021;
 - (iii) the Court of Appeal (Procedure for Appeals from High Courts established by Article 154P of the Constitution) (Temporary Provisions) Rules, 2020 published in the *Gazette Extraordinary* No. 2175/2 of May 12, 2020; or
 - (iv) the Court of Appeal (Procedure for Appeals from High Courts established by Article 154P of the Constitution) (Temporary Provisions) Rules, 2021 published in the *Gazette Extraordinary* No. 2211/56 of January 21, 2021;
 - (b) to which any Supreme Court Rule or Court of Appeal Rule as may be made under Article 136 of the Constitution within the period of operation of this Act, granting any exclusion of time period as a relief in respect of any COVID-19 circumstance, apply.

PART II

DESIGNATION OF ALTERNATIVE COURTS

3. (1) Subject to the provisions of sections 46 and 47 of the Judicature Act, No. 2 of 1978, where the ordinary functioning of any court of first instance is disrupted due to any COVID-19 circumstance, the Judicial Service Commission may designate the nearest court of concurrent jurisdiction as the alternative court in place of such court, for the period during which such COVID-19 circumstance exists. Any action, prosecution, proceeding or matter filed in or considered by such court of first instance or any new action, prosecution, proceeding or matter filed, shall be considered or heard by the court so designated:

Provided however, no transfer of an action, prosecution, proceeding or matter referred to in this subsection shall be made where-

- (a) any such court of first instance has reserved such action, prosecution, proceeding or matter for judgment, order or other pronouncement; or
 - (b) all hearings in such action, prosecution, proceeding or matter have been concluded before such court of first instance.
- (2) An action, prosecution, proceeding or matter filed in or considered by an alternative court referred to in subsection (1) may, by the presiding Judge of the alternative court, subsequently be transferred to the court of first instance which previously exercised jurisdiction in relation to such action upon the resumption of ordinary functions of such original court:

Provided however, no transfer of an action, prosecution, proceeding or matter referred to in this subsection shall be made where-

- (a) the alternative court has reserved such action, prosecution, proceeding or matter for judgment, order or other pronouncement; or
- (b) all hearings in such action, prosecution, proceeding or matter have been concluded before such alternative court.

PART III

CONDUCTING COURT PROCEEDINGS USING REMOTE COMMUNICATION TECHNOLOGY

4. (1) Notwithstanding anything contained in any other written law, where, in any action, application, appeal or other proceeding before a court of first instance, -
- (a) any person is unable to appear in court; or
 - (b) the proceedings of the court cannot be conducted under the ordinary procedure,
- due to any COVID-19 circumstance, such action, application, appeal or proceeding before such court may be conducted by means of a live video or live television link created using a remote communication technology.

(2) The provisions of—

- (a) the Supreme Court (Electronic Filing and Urgent Digital Virtual Hearings) (Special Provisions) Rules, 2021 published in the *Gazette Extraordinary* No. 2212/54 of January 29, 2021;
- (b) the Court of Appeal (Electronic Filing and Urgent Digital Virtual Hearings) (Special Provisions) Rules, 2021 published in the *Gazette Extraordinary* No. 2216/8 of February 23, 2021; and
- (c) any other Supreme Court Rule or Court of Appeal Rule as may be made under Article 136 of the Constitution within the period of operation of this Act, in relation to conducting of court proceedings using remote communication technology,

shall, mutatis mutandis, apply to the extent possible, in relation to any action, application, appeal or proceeding conducted before any court of first instance under subsection (1).

PART IV**GENERAL**

5. Any period excluded as a relief under section 2 of this Act shall not exceed a period of twelve months:

Provided that, a period exceeding twelve months may be excluded as a relief where the court, tribunal or any other authority established by or under any law is satisfied that it is just and equitable to do so and the period so excluded shall not exceed a period of further six months:

Provided further, that the period excluded as a relief shall not exceed eighteen months in the aggregate.

6. The burden of proof that the inability to comply with the prescribed time periods for the purpose of section 2 is due to any COVID-19 circumstance, shall be on the party making the application for relief under such section.

7. (1) Any guideline, direction, circular, notice or decision whether in the printed or electronic form, made by the Government in relation to any COVID-19 circumstance shall be admissible as prima facie evidence in any action, application, appeal or other legal proceeding instituted or made under this Act, without further proof.

(2) Where a party to such action, application, appeal or other legal proceeding disputes the admissibility of such guideline, direction, circular, notice or decision as evidence, the burden of proof shall be on the party who disputes such admissibility.

(3) For the purpose of this section, “Government” means any proper authority as defined in any regulation made under the Quarantine and Prevention of Diseases Ordinance (Chapter 222) in relation to COVID-19.

8. In this Act, unless the context otherwise requires –

“COVID-19” means the Coronavirus Disease 2019 (COVID-19) declared as a quarantinable disease by Notification published in the *Gazette Extraordinary* No. 2167/18 of March 20, 2020 under the Quarantine and Prevention of Diseases Ordinance (Chapter 222);

“COVID-19 circumstance” includes-

- (a) COVID-19; or
- (b) any other circumstance arising out of or consequential to the circumstances referred to in paragraph (a); and

“Minister” means the Minister assigned this Act under Article 44 or 45 of the Constitution.

9. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Finance Act, No. 18 of 2021

[Certified on 15th of September 2021]

AN ACT TO ENABLE PERSONS TO VOLUNTARILY DISCLOSE UNDISCLOSED TAXABLE SUPPLIES, INCOME AND ASSETS REQUIRED TO BE DISCLOSED UNDER CERTAIN LAWS; TO PROVIDE FOR THE IMPOSITION OF A TAX ON THE TAXABLE SUPPLIES, INCOME AND ASSETS SO DISCLOSED; TO INDEMNIFY THE PERSONS WHO VOLUNTARILY DISCLOSE ANY SUCH TAXABLE SUPPLY, INCOME OR ASSET AGAINST LIABILITY FROM INVESTIGATION, PROSECUTION AND PENALTIES UNDER SPECIFIED LAWS; TO GRANT CERTAIN CONCESSIONS TO PERSONS WHO HAD ALREADY DISCLOSED TAXABLE SUPPLIES, INCOME AND ASSETS UNDER SPECIFIED LAWS; AND FOR MATTERS CONNECTED THEREWITH AND INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

1. This Act may be cited as the Finance Act, No. 18 of 2021.

PART I

IMPOSING THE TAX ON VOLUNTARY DISCLOSURE

2. (1) The provisions of this Part shall, subject to the provisions of subsection (2), apply to any person who has not disclosed any amount of taxable supply, income or asset which was required to be disclosed under the provisions of any law specified in Schedule I hereto (hereinafter in this Part referred to as “undisclosed taxable supply, income or asset”), in a Value Added Tax Return for any taxable period ended on or prior to March 31, 2020 or in a return of income for any year of assessment ended on or prior to March 31, 2020.
- (2) The provisions of this Part shall not apply to-
- (a) any person in relation to whom investigations or legal proceedings under the provisions of any law specified in Schedule II is pending, in relation to any undisclosed taxable supply, income or asset;
 - (b) any person who has been convicted of an offence under the provisions of any law specified in Schedule II in relation to any undisclosed taxable supply, income or asset; or
 - (c) any amount of undisclosed taxable supply, income or asset held by any person, in respect of which an assessment under the provisions of any respective law specified in Schedule I or Schedule IV has been made:
- Provided however, the provisions of paragraph (c) shall not apply to any amount of undisclosed taxable supply, income or asset which has not been taken into account in making an assessment referred to in that paragraph.
- (3) Every person referred to in subsection (1), not being a person referred to in paragraph (a), (b) or (c) of subsection (2), shall hereinafter in this Part referred to as the “person to whom this Part applies”.
3. (1) A person to whom this Part applies, shall invest or deposit an amount equivalent to the undisclosed taxable supply, income or asset, subject to the provisions of subsections (2) and (3).
- (2) If a person to whom this Part applies, intends to invest an amount equivalent to the undisclosed taxable supply, income or asset, he shall –
- (a) where he is able to immediately invest such amount, purchase-
 - (i) shares issued by a resident company;
 - (ii) treasury bills or treasury bonds issued by the Central Bank on behalf of the Government of Sri Lanka;
 - (iii) any quoted debt securities issued by a resident company in Sri Lanka; or
 - (iv) any movable or immovable property in Sri Lanka,
 on or after the date of commencement of this Act but prior to March 31, 2022; or
 - (b) where he is unable to immediately invest such amount available in cash whether in Sri Lankan rupees or in foreign currency, he shall deposit such amount in a bank account, on or after the date of commencement of this Act but prior to March 31, 2022.
- (3) Notwithstanding the provisions of subsection (1), the provisions of subsection (2) shall not apply to a person to whom this Part applies who, prior to the date of commencement of this Act –
- (a) has utilized an amount equivalent to the undisclosed taxable supply, income or asset, to purchase-
 - (i) shares issued by a resident company;
 - (ii) treasury bills or treasury bonds issued by the Central Bank on behalf of the Government of Sri Lanka;
 - (iii) any quoted debt securities issued by a resident company in Sri Lanka; or
 - (iv) any movable or immovable property; or
 - (b) has deposited an amount equivalent to the undisclosed taxable supply, income or asset in a bank account.
4. (1) A person to whom this Part applies shall be liable to pay a tax to be called the “Tax on Voluntary Disclosure” to the Commissioner-General prior to making the declaration under section 5 subject to the provisions of subsection (2).
- (2) Where a person to whom this Part applies intends to disclose –
- (a) any undisclosed taxable supply, income or asset other than immovable or movable property in the declaration made under subsection (1) of section 5, he is liable to pay the Tax on Voluntary Disclosure at the rate of one per centum of such amount or income, or on the cost of such asset invested or deposited under section 3; or

- (b) any immovable or movable property in the declaration made under subsection (1) of section 5, he is liable to pay Tax on Voluntary Disclosure at the rate of one per centum on the market value of such property on the date of the declaration.
- (3) Any amount of the Tax on Voluntary Disclosure paid by a person to whom this Part applies shall not be deemed to be a tax credit or an expenditure within the meaning of the Inland Revenue Act, No. 24 of 2017 and shall not be refundable.
5. (1) Any person to whom this Part applies who has invested or deposited any undisclosed taxable supply, income or asset as specified in section 3 and has paid the Tax on Voluntary Disclosure as specified in section 4, shall on or prior to March 31, 2022, submit to the Commissioner-General a declaration (hereinafter in this Part referred to as the “declarant”) in relation to any undisclosed taxable supply, income or asset, substantially in the relevant form specified in Part I or Part II of Schedule V hereto along with the documents to prove the ownership, date of acquisition and cost or market value of the asset, subject to the guidelines issued by the Commissioner-General under subsection (2).
- (2) For the effective implementation of the provisions of this Act, the Commissioner-General may issue necessary guidelines specifying the manner of payment and filing the declaration within one week of the date of coming into operation of this Act.
- (3) (a) Upon receipt of a declaration made under subsection (1), the Commissioner-General shall verify whether such declaration is in accordance with this Act.
- (b) Where the declaration is in accordance with this Act, the Commissioner-General shall accept the declaration in writing and inform of such acceptance to the declarant within thirty days of the date of receipt of the declaration.
- (c) If the declaration is not in accordance with the provisions of this Act, the Commissioner-General shall reject the declaration and inform the declarant in writing the reasons for his rejection within thirty days of the date of receipt of such declaration.
- (d) If the Commissioner-General fails to inform the declarant as specified in paragraph (b) and (c) within thirty days the declaration shall be deemed to have been accepted.
- (4) Any declarant whose declaration is rejected in terms of subsection (3), shall be entitled to submit a fresh declaration remedying any defects specified in the Commissioner-General’s decision under subsection (3) within thirty days of the receipt of the Commissioner-General’s decision.
- (5) Any declarant who provides false or incorrect information in the declaration made under subsection (1) shall not be entitled to the immunity granted under section 6, notwithstanding the acceptance of such declaration by the Commissioner-General under subsection (3).
6. (1) A declarant whose declaration has been accepted by the Commissioner-General under subsection (3) of section 5 and, who has paid the Tax on Voluntary Disclosure as specified in section 4, shall be entitled to enjoy the full immunity from liability to pay any tax, penalty or interest or from any investigation or prosecution –
- (a) under the provisions of any law specified in Schedule I hereto, other than the Value Added Tax Act, No. 14 of 2002, in relation to any year of assessment ending on or prior to March 31, 2020 in relation to the income or asset disclosed in the declaration made under subsection (1) of section 5;
- (b) under the provisions of the Value Added Tax Act, No. 14 of 2002 in relation to any year of any period ending on or prior to March 31, 2020 in relation to the amount of taxable supplies disclosed in the declaration made under subsection (1) of section 5, unless such tax has been collected by such declarant.
- (2) Subject to the provisions of subsection (5) of section 5, the Commissioner-General shall ensure that full immunity as specified above, be granted to any declarant referred to in subsection (1).
7. (1) The Commissioner-General or any officer of the Department of Inland Revenue, shall preserve and aid in preserving official secrecy in respect of the identity of a declarant and any matter or thing contained in a declaration made under subsection (1) of section 5 of this Act.
- (2) All provisions of the Inland Revenue Act, No. 24 of 2017 applicable to the maintenance of official secrecy including punishment for the breach of such secrecy under section 100 of such Act, shall mutatis mutandis be applicable to a declaration made under this Act.
8. Where any person to whom this Part applies fails to comply with the provisions of this Act, he shall be liable to be dealt with in terms of the provisions of the respective law specified in Schedule I or Schedule IV hereto.

9. For the avoidance of doubt it is hereby declared that the provisions of this Part shall apply to any person to whom this Part applies, notwithstanding anything done or any amnesty granted under the provisions of Inland Revenue (Regulation of Amnesty) Act, No. 10 of 2004.

PART II

PROVISIONS TO WRITE OFF TAX ARREARS UNDER CERTAIN LAWS

10. The provisions of this Part shall apply to any person who, is liable to pay any tax arrears under the provisions of any law specified in Schedule I, Schedule III or Schedule IV or, is liable to pay any penalty imposed under the provisions of any such law, for any year of assessment commencing prior to April 1, 2020 or for any period commencing prior to December 31, 2020 (hereinafter in this Part referred to as the "taxpayer").
11. Notwithstanding anything to the contrary in any law or any provision of any law specified in Schedule III hereto or Value Added Tax Act, No.14 of 2002, the Commissioner- General shall write off, subject to sections 14 and 15, any tax arrears under any law in Part A of Schedule III hereto or under the specific provisions of the Value Added Tax Act, No.14 of 2002 specified in Part B of Schedule III hereto, in respect of any period ending on or prior to December 31, 2020, in relation to a taxpayer.
12. The Commissioner-General shall write off, subject to sections 14 and 15, any tax arrears payable under the provisions of any law specified in Schedule I other than Value Added Tax Act, No.14 of 2002, as at December 31, 2020, by any individual whose assessable income, calculated in terms of the provisions of the Inland Revenue Act, No. 24 of 2017, for the year of assessment ending on March 31, 2020, does not exceed rupees three million:

Provided however, the provisions of this section shall not apply to any such individual, under the following circumstances: -

- (a) where the assessable income of the relevant individual exceeds rupees three million without deducting any loss including an unrelieved loss, in terms of the provisions of the Inland Revenue Act, No. 24 of 2017;
 - (b) where the assessable income of the relevant individual exceeds rupees three million in aggregate with the income from final withholding payments, gains and profits exempted from income tax in terms of the provisions of the Inland Revenue Act, No. 24 of 2017;
 - (c) where the annual gross turnover for the year of assessment ending on March 31, 2020, of a business or partnership of which the relevant individual is a partner, is not less than rupees five hundred million; or
 - (d) where the assessable income of the relevant individual includes an income earned from conducting a business of betting and gaming or any business of liquor excluding such income which is merely incidental to another business.
13. (1) The Commissioner-General shall write off any penalty or interest, calculated in terms of the provisions of any law specified in Schedule I or Schedule IV hereto, in relation to a taxpayer, in respect of which the payment due date was December 31, 2020 or a date prior to that date, if the taxpayer pays the full amount of the tax outstanding, under the provisions of said laws, on or prior to March 31, 2022.
- (2) Nothing in subsection (1) shall be read and construed as imposing a liability on the taxpayer to pay any tax, interest or penalty thereon, in respect of any tax arrears written off in terms of the provisions of the Inland Revenue Act, No. 24 of 2017 or the provisions of section 11 or 12 of this Act.
14. Where there is any dispute in relation to any tax arrears referred to in section 11 or 12, in respect of which a decision is pending before or has been made by the Tax Appeals Commission or any court of law, before the commencement of this Act, under the provisions of any respective law specified in Schedule I or Schedule III hereto, on an assessment made in relation to a taxpayer, shall not be written off under the provisions of section 11 and 12, as the case may be.
15. Any tax refund pending payment on the date of commencement of this Act duly claimed by a taxpayer, under the provisions of any law specified in Schedule I, Schedule III or Schedule IV hereto, for any period ending prior to December 31, 2020 shall be set off against any tax arrears written off under the provisions of section 11 or 12:
- Provided however, the provisions of this section shall have no application to any penalty imposed by law in a period subsequent to the period in which the refund is due.
16. (1) The Commissioner-General shall communicate in writing, to every taxpayer, the amount of refund to be set off against the tax arrears in terms of section 15.
- (2) If such person is dissatisfied with the amounts of the refund to be set off against the tax arrears so written off, he shall within a period of fourteen days from the date of the communication of the Commissioner-General, make a written request to

the Commissioner-General to not to set off the refunds against the tax arrears as specified by the Commissioner-General and shall settle the full amount of the tax arrears on or prior to March 31, 2022.

- (3) (a) The Commissioner-General may, upon a request made by the taxpayer under subsection (2), grant approval to such taxpayer to settle the tax arrears referred to in subsection (1) on or prior to March 31, 2022, in accordance with a suitable payment plan submitted along with the request under subsection (2).
 - (b) The Commissioner-General shall write off any interest or penalty on such tax arrears, if the taxpayer acts in compliance with the payment plan approved under paragraph (a) on or prior to the dates approved by the Commissioner-General in such payment plan.
 - (4) Where the taxpayer does not make a request under subsection (2) or does not settle the tax arrears according to the payment plan accepted by the Commissioner-General, the Commissioner-General shall proceed to set off the refunds against the tax arrears as specified in his communication under subsection (1).
17. The Commissioner-General shall maintain proper records with regard to the tax arrears and penalties written off under the provisions of sections 11, 12 and 13.
18. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.
19. In this Act unless the context otherwise requires-

“asset” means money or any immovable or movable property, including bank balances, financial instruments, shares, derivatives, treasury bills, fixed deposits, time deposits, bonds or other forms of deposits, money given by way of security or loans, cash, gem or gold in hand, any other monetary right but excluding any intangible asset unless such intangible asset has been purchased by the taxpayer from any other person;

“bank account” means any bank account opened and maintained by a declarant in a bank licensed under the Banking Act, No. 30 of 1988;

“Commissioner-General” shall have the same meaning as in the Inland Revenue Act, No. 24 of 2017;

“Central Bank” means the Central Bank of Sri Lanka established under the Monetary Law Act (Chapter 422);

“Final withholding payments” shall have the same meaning assigned to such payment as provided in section 88 of the Inland Revenue Act, No. 24 of 2017;

“immovable property” includes any building in Sri Lanka or abroad whether constructed or under construction;

“income” means any gain, profit or receipt derived from any source whether in Sri Lanka or abroad;

“loss” shall have the same meaning assigned to such expression under section 19 of the Inland Revenue Act, No. 24 of 2017;

“money” includes local currency and foreign currency whether retained in Sri Lanka or abroad;

“movable property” includes all forms of movable property in Sri Lanka or abroad including gold but does not include money;

“person” shall have the same meaning assigned to such expression under the Inland Revenue Act, No. 24 of 2017;

“return” means a return of income or Value Added Tax return that a person is required to file with the Department of Inland Revenue in terms of the respective law specified in Schedule I, including any certificate, declaration or any other attachment required to be furnished with the return;

“resident company” means a company within the meaning of subsection (4) of section 69 of the Inland Revenue Act, No. 24 of 2017;

“tax” in part II shall include any tax, surcharge, levy, duty, charge or contribution payable or levied under the respective law specified in Schedule I, III or IV;

“taxable supply” shall have the same meaning assigned to such expression under section 83 of the Value Added Tax Act, No. 14 of 2002;

“tax arrears” means a tax that remain unpaid after the payment due date in compliance with the respective law and includes a tax in default or other penalty imposed under any such law and withholding tax or tax deducted on employment income by an employer, that remain unpaid in accordance with the records of the Commissioner-General;

“Tax Appeals Commission” means Tax Appeals Commission established under the Tax Appeals Commission Act, No. 23 of 2011;

“unrelieved loss” shall have the same meaning assigned to such expression under section 19 of the Inland Revenue Act, No. 24 of 2017;

“year of assessment” shall have the same meaning assigned to such expression under section 20 of the Inland Revenue Act, No. 24 of 2017.

SCHEDULE I

(sections 2,6,8,10,12,13,14 and 15)

1. Inland Revenue Act, No. 28 of 1979
2. Inland Revenue Act, No. 38 of 2000
3. Inland Revenue Act, No. 10 of 2006
4. Inland Revenue Act, No. 24 of 2017
5. Value Added Tax Act, No. 14 of 2002

SCHEDULE II

(section 2)

1. Prevention of Money Laundering Act, No. 5 of 2006
2. Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005
3. Bribery Act (Chapter 26)
4. Conventions Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, No. 1 of 2008

SCHEDULE III

(sections 10,11,14 and 15)

PART A

1. Wealth Tax and Gifts Tax imposed under Inland Revenue Act, No. 28 of 1979
2. Turnover Tax Act, No. 69 of 1981
3. Surcharge on Wealth Tax Act, No. 25 of 1982
4. Surcharge on Wealth Tax Act, No. 8 of 1989
5. Surcharge on Income Tax Act, No. 26 of 1982
6. Surcharge on Income Tax Act, No. 12 of 1984
7. Surcharge on Income Tax Act, No. 7 of 1989
8. National Security Levy Act, No. 52 of 1991
9. Save the Nation Contribution Act, No. 5 of 1996
10. Goods and Services Tax Act, No. 34 of 1996
11. Surcharge on Income Tax Act, No. 6 of 2001
12. Debits Tax Act, No. 16 of 2002
13. Social Responsibility Levy imposed under Finance Act, No. 5 of 2005
14. Economic Service Charge Act, No. 13 of 2006
15. Nation Building Tax Act, No. 9 of 2009
16. Economic Service Charge imposed under Finance Act, No.11 of 2004

PART B

1. Optional Value Added Tax imposed under section 25h of the Value Added Tax Act, No.14 of 2002
2. VAT Advance Payment deducted under section 26a of the Value Added Tax Act, No.14 of 2002

SCHEDULE IV

(sections 2,8,10,13 and 15)

1. Betting and Gaming Levy Act, No. 40 of 1988
2. Finance Act, No. 11 of 2002
3. Stamp Duty Act, No. 43 of 1982
4. Stamp Duty (Special Provisions) Act, No. 12 of 2006

SCHEDULE V

(section 5)

PART I

Tax on Voluntary Disclosure

Finance Act, No. 18 of 2021

DECLARATION UNDER SECTION 5

To be furnished by an Individual

National Identity Card No.

Passport No.

1. I, Rev./ Mr./ Mrs./ Miss/.....(full name)
holder of NIC No./ Passport No. of(address) make a declaration with
respect to the taxable supply, income or asset in terms of Part I of the Finance Act, No. 18 of 2021.
2. I do hereby declare following taxable supply, income or asset which were held by me as at March 31, 2020 in Sri Lanka or
any other country.

Serial No.	Type of taxable supply, income or asset	Place of the taxable supply, income or asset held / Entity/ Bank invested	Quantity/ Account No.	Amount/ Market Value
	Total Amount / Market Value			

3. Money declared as above are-

(i) invested on -

- (a) (quantity) shares/ debt securities of
(name of the company), amounting to Rs. on(date).
- (b) treasury bills / treasury bonds issued by the Central Bank of Sri Lanka Rs. on
(date).
- (c) (movable or immovable property such as land, building, motor vehicle, gold
etc. please specify) in Sri Lanka Rs. on (date).

(ii) deposited in my account bearing No. at the
.....branch of..... on (date).

4. I have paid the tax on aggregate amount/ market value referred to in paragraph 2, at the rate of 1% in terms of section 4 of
the finance Act, No. 18 of 2021 amounting to Rs. on(date of payment) under
the reference No.to the account of Commissioner-General of Inland Revenue.

5. In relation to the amount of taxable supply, income or asset declared-

- (a) I have no investigations or pending cases or, I have not been convicted of an offence, under the provisions of Prevention
of Money Laundering Act, No. 5 of 2006, Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005,
Bribery Act (Chapter 26), or Conventions Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, No. 1
of 2008; or
- (b) No assessment has been made under any law referred to in Schedule I or Schedule IV of the Finance Act, No. 18 of 2021.
I do solemnly and sincerely declare that the above particulars given by me herein are, true and correct to the best of my
knowledge and belief.

Date:

.....
Signature of the declarant

Note: Where the space in this form is inadequate, a separate sheet of paper may be used and signed by the declarant.

(The declaration shall be submitted, on or prior to March 31, 2022, to the Commissioner-General of Inland Revenue)

PART II

(section 5)

Tax on Voluntary Disclosure

Finance Act, No. 18 of 2021

DECLARATION UNDER SECTION 5

To be furnished by an entity

(*company, partnership, fund, society, NGO etc.)

Taxpayer Identification No.

Type of the Entity :

Entity Registration No.

1. I, Mr./ Mrs./ Miss/(full name) holder of NIC No. of(address) being (designation) of..... (name of the entity) is the authorized person to make a declaration with respect to the amount of taxable supply, income or asset of the above(type of entity) in terms of Part I of the Finance Act, No.18 of 2021.
2. I do hereby declare following taxable supply, income or asset which were held as at March 31, 2020 in Sri Lanka or any other country by (name of the entity).

Serial No.	Type of taxable supply, income or asset	Place of the taxable supply, income or asset held / Entity/ Bank invested	Quantity/ Account No.	Amount/ Market Value
	Total Amount / Market Value			

3. Money declared as above are -
 - (i) invested on -
 - (a) (quantity) shares/ debt securities of(name of the company), amounting to Rs.on(date).
 - (b) treasury bills / treasury bonds issued by the Central Bank of Sri Lanka Rs.on (date).
 - (c)(movable or immovable property such as land, building, motor vehicle, gold etc. please specify) in Sri Lanka Rs.on (date).
 - (ii) deposited in (type of entity) account bearing No. at thebranch of on (date).
4. I have paid the tax on aggregate amount/ market value referred to in paragraph 2 on behalf of the*, at the rate of 1% in terms of section 4 of the Finance Act, No. 18 of 2021 amounting to Rs. on..... (date of payment) under the reference No. to the account of Commissioner-General of Inland Revenue.
5. In relation to the amount of taxable supply, income or asset declared—
 - (a) the(name of the company, partnership, fund, society, NGO etc.) has no investigations or pending cases or (the name of the company, partnership, fund, society, NGO etc.) has not been convicted of an offence, under the provisions of Prevention of Money Laundering Act, No. 5 of 2006, Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005, Bribery Act (Chapter 26), or Conventions Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, No. 1 of 2008; or
 - (b) No assessment has been made under any law referred to in Schedule I or Schedule IV of the Finance Act, No. 18 of 2021.

I do solemnly and sincerely declare that the above particulars given by me on behalf of

(name of the entity) in the capacity of (designation) herein are, true and correct to the best of my knowledge and belief.

Date:

Signature of the Chairman/Managing Director/
Partner/President

Note: Where the space in this form is inadequate, a separate sheet of paper may be used and signed by the declarant.

(The declaration shall be submitted, on or prior to March 31, 2022 to the Commissioner-General of Inland Revenue)

Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021

[Certified on 21st of September, 2021]

AN ACT TO ESTABLISH THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA; TO REGULATE MARKET INSTITUTIONS, CERTAIN PUBLIC OFFERS OF SECURITIES, MARKET INTERMEDIARIES; TO PROTECT INVESTORS AND TO PROVIDE FOR ENFORCEMENT MEASURES; TO DEAL WITH MARKET MISCONDUCT; AND TO OVERCOME THE CHALLENGES ENCOUNTERED BY SECURITIES MARKET REGULATORS AND TO REPEAL THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA ACT, NO. 36 OF 1987 AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

1. This Act may be cited as the Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021.

PART I

CHAPTER 1

PRELIMINARY

2. This Act applies to securities, securities markets and related matters except as otherwise provided in this Act.
3. The object and purpose of this Act shall be –
 - (a) to establish the Securities and Exchange Commission of Sri Lanka;
 - (b) to create, maintain and regulate a fair, orderly, efficient and transparent securities market;
 - (c) to protect the interests of local and foreign investors; and
 - (d) to ensure the maintenance of high professional standards in the provision of services in relation to securities markets.

CHAPTER 2

SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA

4. (1) There shall be established a Commission which shall be called the Securities and Exchange Commission of Sri Lanka (hereinafter referred to as the "Commission") to administer the provisions of this Act.
- (2) The Commission shall, by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.
5. (1) The Commission shall consist of –
 - (a) six persons possessing professional expertise and standing in respect of matters relating to the securities market, and possessing special knowledge or wide experience and proven competency in the fields of law, finance, accounting, economics, banking or business to be appointed by the Minister as members (hereinafter referred to as "appointed members") in order to reflect the multidisciplinary character of the Commission, of whom at least five persons shall be from the private sector;
 - (b) two nominated members, -
 - (i) a Deputy Secretary to the Treasury nominated by the Secretary to the Treasury; and
 - (ii) a Deputy Governor of the Central Bank of Sri Lanka nominated by the Monetary Board of Sri Lanka; and
 - (c) two ex-officio members, -
 - (i) the Registrar-General of Companies, appointed under the Companies Act, No. 7 of 2007; and

- (ii) the President of the Institute of Chartered Accountants of Sri Lanka established by the Institute of Chartered Accountants Act, No. 23 of 1959.
- (2) The Minister shall nominate from amongst the appointed members of the Commission, one member to be the Chairman of the Commission.
- (3) In appointing persons under subsection (1), the Minister shall have regard to-
 - (a) that person's integrity and standing; and
 - (b) the likelihood of any conflict between the interests of the Commission and any interest which that person has or represents.
- 6. Every appointed or nominated member of the Commission when being appointed shall be required to make a declaration to the Minister on any conflict of interests he may have at the time of his appointment.
- 7. Every appointed or nominated member of the Commission, unless he vacates office earlier by death, by operation of law, resignation or removal, shall hold office for a term of three years and shall be eligible for reappointment subject to a maximum period of any two terms of office whether consecutive or otherwise.
- 8. (1) Any appointed or nominated member of the Commission may at any time resign his office by letter addressed to the Minister and such resignation shall take effect upon it being accepted by the Minister.
- (2) In the event of vacation of office of any member other than an *ex-officio* member by reason of death, resignation, removal or the operation of provisions of subsection (4) or (5), the Minister may appoint another person having regard to the provisions of subsection (3) of section 5 to hold office for the unexpired period of the term of office of the member whom he succeeds.
- (3) If any member of the Commission other than the Chairman is temporarily unable to perform the duties of his office for a period exceeding three months due to ill health or absence from Sri Lanka or for any other cause, the Minister may appoint some other person to act in his place during such period having regard to the provisions of subsection (3) of section 5.
- (4) An appointed or nominated member of the Commission who, without leave of the Commission first being obtained, absents himself from three consecutive meetings of the Commission shall be deemed to have vacated his office.
- (5) A member of the Commission being the Chairman, is absent for three consecutive meetings of the Commission shall be deemed to have vacated his office.
- 9. (1) A person shall be disqualified from being appointed or nominated or from continuing as a member of the Commission if he -
 - (a) is or becomes a member of Parliament, or a member of any Provincial Council or any local authority;
 - (b) is or becomes a director, partner or employee of an entity licensed or registered by the Commission;
 - (c) is or becomes of unsound mind or incapable of carrying out his duties;
 - (d) is or has become an undischarged bankrupt;
 - (e) is or has been convicted of an offence which involves moral turpitude;
 - (f) has been previously removed from office.
- (2) The Minister may by Order published in the Gazette remove a member of the Commission from continuing as a member if his continuation in the office is detrimental to the interests of the Commission.
- 10. (1) The Chairman of the Commission shall, if present, preside at all meetings of the Commission. In the absence of the Chairman from any such meetings, the members present shall elect one amongst themselves to preside at such meeting.
- (2) The quorum for any meeting of the Commission shall be five members.
- (3) The Commission may regulate the procedure in regard to the meetings of the Commission and the transaction of business at such meetings.
- (4) All questions for decision at any meeting of the Commission shall be decided by the vote of the majority of the members present. In the case of an equality of votes the member presiding shall have a casting vote.
- 11. The members of the Commission may be paid such remuneration out of the Fund of the Commission as may be determined by the Minister, in consultation with the Minister assigned the subject of finance.
- 12. (1) If the Chairman of the Commission is, by reason of illness or absence from Sri Lanka temporarily unable to perform the duties of his office the Minister shall nominate another member of the Commission to act in his place.

- (2) The Chairman may at any time resign from the office of Chairman by a letter addressed to the Minister.
 - (3) Subject to the provisions of subsection (2), the term of office of the Chairman shall be his period of membership of the Commission.
13. A member who is directly or indirectly interested in any decision that is to be taken on any matter by the Commission shall disclose the nature of such interest at the meeting of the Commission where such decision is being taken, and such disclosure shall be recorded in the minutes of the meetings of the Commission and such member shall not take part in any deliberation or decision of the Commission with regard to that matter, and shall withdraw from such meeting while such deliberation is in progress or such decision is being made.
14. No proceeding, act or decision of the Commission shall be invalidated by reason only of the existence of a vacancy among its members or of any defect in the appointment of a member thereof.
15. (1) The seal of the Commission shall be in the custody of the Commission.
- (2) The seal of the Commission may be altered in such manner as may be determined by the Commission.
 - (3) The seal of the Commission shall not be affixed to any instrument or document except in the presence of one member of the Commission and the Director-General of the Commission or in the absence of the Director-General, in the presence of any two members of the Commission, who shall sign the instrument or document in token of their presence.

CHAPTER 3

POWERS, DUTIES AND FUNCTIONS OF THE COMMISSION

16. The powers, duties and functions of the Commission shall be-
- (a) to advise the Government on the development of the securities market and to assist in the effective implementation of the policies and programmes of the Government with respect to the securities market;
 - (b) to encourage and promote the development of securities markets in Sri Lanka including research and training in connection therewith;
 - (c) to give general or specific directives or instructions to market institutions, market intermediaries, registered persons, clearing members, trading participants, depository participants, issuers, investors, recognized market operators or such other person or persons as may be necessary to give effect to the provisions of this Act from time to time;
 - (d) to give general or specific directives or instructions to supplementary service providers of market institutions, market intermediaries, collective investment schemes or listed public companies from time to time;
 - (e) to grant a licence to a body corporate to operate as a market institution and to ensure its proper conduct;
 - (f) to grant a licence to any person to operate as a market intermediary and to ensure its proper conduct;
 - (g) to register a person advising clients on sale or purchase of securities for and on behalf of a market intermediary as a registered person and to regulate their conduct in the discharge of their duties;
 - (h) to register any person as a market operator;
 - (i) to issue general or specific directives to listed public companies or listed foreign entities from time to time;
 - (j) to issue general or specific directives to an acquirer, an offeror or persons acting in concert with an offeror or an offeree or a target company in relation to a takeover or a merger of a listed public company;
 - (k) to issue specific directives to any person to prevent the imminent infringement of this Act, regulations or rules and to restrain infringement;
 - (l) to regulate the listing and trading of securities in an exchange;
 - (m) to regulate the issuance of securities;
 - (n) to prohibit or suspend the listing of any securities or to delist the listed securities or to prohibit or suspend the trading of any securities or to take such steps as the Commission considers necessary or expedient for the protection of investors or for ensuring fair and orderly securities market or for ensuring the integrity of the securities market;
 - (o) to employ such officers and servants as the Commission may consider necessary and to fix the salaries and wages or other remuneration and benefits of such officers and servants for the purposes of carrying out the objectives and functions of the Commission;

- (p) to acquire in any manner whatsoever and hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of any immovable or movable property;
- (q) to regulate a takeover or merger of a listed public company or any matter connected therewith or incidental thereto;
- (r) to inquire and conduct investigations into any activity of a market institution, market intermediary, a registered person, a listed public company or a listed foreign entity;
- (s) to conduct investigations into any alleged violation or contravention of the provisions of this Act or any regulation or any rule or directive made or any instruction given thereunder or by any person and to take any enforcement measures provided under this Act as considered necessary by the Commission;
- (t) to enter into agreements or memoranda of understanding with any organization or a foreign regulatory authority in relation to any matter which comes within the purview of this Act;
- (u) to publish findings of wrongdoing by any market institution, market intermediary or registered person, supplementary service provider, any listed public company or any listed foreign entity;
- (v) to carry out surveillance of securities transactions;
- (w) to levy fees or charges, for any services rendered by the Commission;
- (x) to take such steps as the Commission may deem necessary to mitigate systemic risk to the financial system;
- (y) to give specific or general directions to companies that have made an offer to the public to subscribe for securities;
- (z) to exempt certain public offers or issues from the provisions of this Act;
- (aa) to appoint experts as the Commission deems expedient for the purposes of this Act; and
- (ba) to do all such other acts as may be considered necessary, incidental and ancillary to the performance of the Commission's objects, duties and functions under this Act.

17. The Commission shall in addition to the powers specified in section 16 also have the power to –

- (a) carry out supervision or inspections of the activities of market institutions or market intermediaries or registered persons or trustees of collective investment schemes in order to ascertain and determine whether they are operating in conformity with the provisions of this Act, regulations, rules or directives made thereunder and to charge the costs incurred in carrying out such inspections from the market institution or a market intermediary or a registered person or a trustee of a collective investment scheme as the case may be;
- (b) require market institutions or market intermediaries to file with the Commission, audited financial statements and the interim financial statements, certified by a qualified auditor in the form and manner specified by the Commission; and
- (c) require the licensed managing company of a collective investment scheme to file reports with the Commission, in respect of every year and at least two reports of the activities of that collective investment scheme for that year. Every such report shall contain such particulars as may from time to time be determined by the Commission. The first report shall be filed not later than the thirtieth of September of that year and the second report shall be filed not later than the thirty-first of March of the subsequent year.

18. The Chairman of the Commission may authorise any officer of the Commission who is an Attorney-at-Law or any officer of the Attorney-General's Department to appear on behalf of the Commission in any legal proceedings by or against the Commission or in any proceedings in which the Commission has a substantial interest.

CHAPTER 4

DIRECTOR-GENERAL AND THE STAFF OF THE COMMISSION

19. (1) The Minister shall on the recommendation of the Commission, appoint a Director-General of the Commission, who shall be its chief executive officer. The conditions of employment including remuneration of the Director-General shall be determined by the Commission.
- (2) The Commission shall not recommend the appointment of any person as the Director-General of the Commission, if such person-
- (a) has been previously found guilty of serious misconduct by a court or tribunal or has been subject to a disciplinary action by a regulatory body;
 - (b) has been previously dismissed from office; or

- (c) has committed a breach of the provisions of this Act, regulations, rules or directives made thereunder.
- (3) The Director-General shall, subject to the general direction and control of the Commission, be charged with the direction of the affairs and transactions of the Commission, the exercise, discharge and performance of its powers, functions and duties, and the administration and control of the officers and servants of the Commission.
- (4) The Director-General may, with the approval of the Commission, whenever he considers it necessary to do so, delegate to any officer and servant any power, function or duty conferred or imposed on or assigned to him by this Act and such officer or servant shall exercise, discharge and perform such power, function or duty subject to the general or special directions of the Director-General.
- (5) The Minister may on the recommendation of the Commission remove the Director-General appointed under subsection (1), from office if his continuation in office is detrimental to the interests of the Commission:
- Provided, that the Commission shall grant an opportunity to the Director-General of being heard, prior to such removal.
20. (1) Notwithstanding anything to the contrary in any other written law, the Commission may create cadre positions and employ officers and servants as it considers necessary for the efficient discharge of its functions and may fix their salaries and wages or other remuneration, benefits and pensions of such servants and officers for the purposes of carrying out its functions and duties under the provisions of this Act.
- (2) The Commission may establish and regulate pension and provident funds and schemes for the benefit of the Director-General and its officers and servants and their dependents and nominees with the concurrence of the Minister assigned the subject of finance and may make contributions to any such fund or scheme.
- (3) The Commission shall promote and sponsor the training of technical personnel on the subjects of securities markets, finance, law, money economics and other subjects and for this purpose, the Commission shall be authorised to defray the costs of study, in Sri Lanka or abroad of the officers and servants of the Commission who are of proven merit as determined by the Commission.
- (4) The Commission shall establish a code of conduct which shall be applicable to the officers and servants of the Commission.
- (5) The Commission shall not appoint any person to the staff of the Commission where such person-
- (a) has been previously found guilty of serious misconduct by a court or tribunal or has been subject to a disciplinary action by a regulatory body;
- (b) has been previously dismissed from office; or
- (c) has committed a breach of the provisions of this Act, regulations, rules or directives made thereunder.
- (6) At the request of the Commission any officer in the public service may, with the consent of the officer and the Public Service Commission established by the Constitution be temporarily appointed to the Commission for such period as may be determined by the Commission or with like consent, be permanently appointed to such staff.
- (7) Where any officer in the public service is temporarily appointed to the staff of the Commission, the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall mutatis mutandis, apply to and in relation to such officer.
- (8) Where any officer in the public service is permanently appointed to the staff of the Commission, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall mutatis mutandis, apply to and in relation to such officer.
- (9) Where the Commission employs any person who has agreed to serve the Government for a specified period, any period of service to the Commission by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such agreement.
- (10) The Commission may with the consent of such officer or servant propose secondment of its officers or servants to other state institutions or regulatory authorities in Sri Lanka or abroad for a period not exceeding three years on an assignment agreed upon between such institution or the authority and the Commission. The period of secondment shall be deemed to be considered as service to the Commission.
21. (1) At the request of the Commission any officer or servant of a public corporation may, with the consent of such officer or servant and the governing board of such corporation, be temporarily appointed to the staff of the Commission for such period as may be determined by the Commission or with like consent be permanently appointed to the staff of the

Commission on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Commission and the governing board of such corporation.

- (2) Where any person is appointed whether temporarily or permanently under subsection (1) to the staff of the Commission he shall be subject to the same disciplinary control as any other officers or servants of the Commission.
22. All members, the Director General, officers and servants of the Commission shall be deemed to be public servants within the meaning and for the purposes of the Penal Code (Chapter 19) and of the Code of Criminal Procedure Act, No.15 of 1979.
23. The Commission shall be deemed to be a Scheduled Institution within the meaning of the Bribery Act (Chapter 26), and the provisions of that Act shall be construed accordingly.

PART II

MARKETS AND MARKET INSTITUTIONS

24. The object and purpose of this Part shall be –

- (a) to promote a fair, orderly, transparent and efficient securities market in Sri Lanka through the establishment of market institutions;
- (b) to enhance effective and efficient functioning of a securities market; and
- (c) to mitigate systemic risk associated with securities markets.

CHAPTER 1

EXCHANGES

25. (1) A person shall not establish, operate or maintain an exchange except by authority of a licence granted by the Commission.
- (2) A person who contravenes subsection (1) commits an offence and shall, on conviction, after summary trial before a Magistrate be liable to a fine not exceeding twenty-five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.
26. (1) An application for a licence to operate as an exchange shall be made to the Commission in such manner and form together with such documents as may be specified by rules made by the Commission accompanied by such fees as may be prescribed.
- (2) For the purpose of subsection (1), an application shall be made by a body corporate only.
- (3) The Commission may grant a licence to the applicant to operate as an exchange, subject to such terms and conditions as it thinks fit, where it is satisfied that –
 - (a) the applicant has the capacity to operate an orderly and fair market in relation to securities that are traded through its facilities;
 - (b) the applicant has the necessary infrastructure to manage any risks associated with its business and operations prudently;
 - (c) the applicant, in discharging its obligations under paragraph (a), shall have the necessary governance structures to ensure that the exchange shall not act contrary to public interest;
 - (d) the applicant has sufficient financial, human, automated systems and other resources to ensure the provision of –
 - (i) an orderly and fair market in relation to securities that are traded through its facilities;
 - (ii) adequate and properly equipped premises for the conduct of its business;
 - (iii) competent personnel for the conduct of its business; and
 - (iv) automated systems with adequate capacity, security arrangements and facilities to manage risks and to meet emergencies;
 - (e) that the applicant, by rules provide-
 - (i) for an orderly and fair market in relation to the securities that are traded through its facilities;
 - (ii) for the admission of trading participants;
 - (iii) for the proper regulation and supervision of the business conduct of its trading participants when dealing with clients;

- (iv) for the exclusion of persons who are not of good character and high business integrity from being recognized as trading participants;
 - (v) for the expulsion, suspension or disciplining including the imposition of fines on a trading participant and any person acting on behalf of such trading participant, for conduct that is inconsistent with just and equitable principles in the transaction of business or for a contravention of or failure to comply with the rules of the exchange or any provisions of this Act, regulations, rules or directives made thereunder;
 - (vi) for the conditions under which securities may be listed or delisted;
 - (vii) for the conditions governing trading of such listed securities and rules to be followed by companies or other entities that have listed their securities on the exchange;
 - (viii) for the class or classes of securities that may be dealt in or traded on its facilities;
 - (ix) for the prohibition of market misconduct and the manner in which investigations are conducted;
 - (x) for the conduct of inquiries or investigations into the business conduct of its trading participants;
 - (xi) for the suspension of trading of any given security for the protection of investors or for the conduct of orderly and fair trading;
 - (xii) for the appointment of a disciplinary committee of which the majority of its members are independent of the trading participants or the exchange, to hear and determine disputes-
 - (A) between trading participants and their clients;
 - (B) between trading participants;
 - (C) between trading participants and an exchange, a central depository or a licensed clearing house;
 - (D) between entities listed on the exchange and the exchange;
 - (xiii) generally for the carrying on of the business of the exchange with due regard to the need for the protection of investors; and
 - (f) the interests of the public or the proper regulation of the market shall be served by the granting of the licence.
- (4) An applicant under subsection (1) shall provide such additional information as the Commission may require in relation to the application.
- (5) Notwithstanding the provisions of subsection (3), the Commission may amend, revoke or impose additional terms or conditions, if the Commission is satisfied that it is appropriate to do so for the protection of investors or for the proper regulation of the securities market.
27. (1) It shall be the duty of an exchange to ensure, an orderly and fair market in securities that are traded through its facilities.
- (2) In performing its duty under subsection (1), the exchange shall-
- (a) act in the public interest having particular regard to the need for the protection of investors;
 - (b) ensure that where any interest that is required to be served under any law relating to companies conflict with the interest referred to in paragraph (a), the interest referred to in paragraph (a) shall prevail; and
 - (c) manage any risks associated with its business and operations prudently.
- (3) Notwithstanding the provisions of any other law, a director of an exchange has a duty to act at all times in the public interest having particular regard to the need to protect investors and where there is a conflict between the duty under this Act and a director's duty under any other law, the duty under this Act shall prevail.
- (4) It shall be the duty of the exchange to take appropriate action as may be provided for under its rules for the purpose of monitoring or securing compliance with its rules.
- (5) An exchange shall immediately notify the Commission if it becomes aware of -
- (a) any matter which adversely affects, or is likely to adversely affect the ability of any trading participant to meet its obligations in respect of its licensed business, including the ability of any trading participant to comply with the minimum financial requirements as may be specified under this Act or regulations, rules or directives made thereunder; or
 - (b) any irregularity, breach of any provision of this Act, regulations, rules, directives or any other matter which, in the opinion of the exchange, indicates or may indicate that the financial standing or financial integrity of any trading

participant or of the chief executive officer or directors or the key management personnel of the trading participant in question may reasonably be affected.

- (6) Where an exchange issues a warning, imposes a penalty, suspends, expels or imposes any other disciplinary measure against any of its trading participants, on the occurrence of activities referred to in subsection (5), it shall, within seven days, give to the Commission in writing the following particulars :-
 - (a) the name and address of the business of the trading participant;
 - (b) the reason for and the nature of the action taken;
 - (c) the period of suspension and the quantum of the penalty, if any; and
 - (d) any other disciplinary measure taken.

28. (1) The Commission may, -

- (a) by notice in writing cancel the licence granted under section 26 with effect from the date specified in such notice; or
 - (b) by notice in writing direct the exchange to cease to provide or operate such facilities, or to cease to provide such services, with effect from the date specified in the notice.
- (2) The Commission shall not cancel the licence or issue a directive under subsection (1) unless the Commission is satisfied that it is appropriate to do so for the protection of investors, in the public interest or for the proper regulation of the securities market, where any of the following circumstances occur :-
 - (a) the exchange ceases to operate its securities market;
 - (b) the exchange is being wound up or otherwise dissolved, whether within or outside Sri Lanka;
 - (c) the exchange has contravened any term or condition of its licence or is charged with any offence under this Act;
 - (d) the exchange has failed to comply with a term or condition of its licence or directive issued under this Act or otherwise fails to comply with any provision or requirement under this Act;
 - (e) any information provided for the purposes of section 26, was false or misleading in a material particular or from which there is a material omission;
 - (f) a judgment debt against the exchange has not been satisfied in whole or in part;
 - (g) a receiver, a receiver and manager, liquidator or equivalent person has been appointed, whether within or outside Sri Lanka in relation to or in respect of any property of the exchange;
 - (h) the exchange has, whether within or outside Sri Lanka, entered into a compromise or scheme of arrangement with its creditors which has not been satisfied; or
 - (i) the exchange on its own accord applies to the Commission to cancel its licence as an exchange, and the Commission thinks it fit to do so.
- (3) For the purposes of paragraph (a) of subsection (2) where an exchange has ceased to operate its securities market for a period exceeding two weeks, it shall be deemed to have ceased to operate its securities market without obtaining the prior written approval of the Commission.
- (4) Notwithstanding the cancellation of a licence or the issuance of a directive under subsection (1), the Commission may permit the exchange to continue, on or after the date on which the cancellation or directive is to take effect, to carry on such activities affected by the cancellation or directive as the Commission may specify in the notice-
 - (a) for the purpose of closing down the operations of the exchange or ceasing to provide the services specified in the notice;
 - (b) for the purpose of protecting the interest of investors; or
 - (c) in the interest of the public.
- (5) Where the Commission has granted permission to an exchange to continue under subsection (4), the exchange shall not, by reason of its carrying on the activities in accordance with such permission, be regarded as having contravened subsection (1).
- (6) Where the Commission acts under paragraph (a) of subsection (1), the Commission may, take any steps deemed necessary to ensure the protection of investors or to uphold the interests of the public with notice to the Minister.
- (7) The Commission shall not take any action under subsection (1) without giving the exchange an opportunity of being heard.

- (8) An exchange which is aggrieved by the decision of the Commission made under subsection (1) may, within fourteen days of receipt of such notice, appeal to the Minister.
 - (9) Notwithstanding the making of an appeal under subsection (8), any action taken by the Commission under this section shall continue to have effect pending the decision of the Minister.
 - (10) The Minister may, on an appeal made under subsection (8) after hearing the Commission and the exchange within a period of three months after the receipt of such appeal -
 - (a) allow the appeal and direct the Commission to revoke the cancellation of the licence or the directive; or
 - (b) disallow the appeal.
 - (11) The Commission shall give effect to the decision of the Minister.
 - (12) Subject to subsection (11), the Commission shall give public notice of any cancellation of licence or any directive issued under this section.
29. Any cancellation of a licence or the issuance of a directive under subsection (1) of section 28 shall not operate so as to –
- (a) avoid or affect any agreement, transaction or arrangement entered into on the securities market operated by the exchange, whether the agreement, transaction or arrangement was entered into before or, where subsection (4) of section 28 applies, after the cancellation of the licence or the issuance of the directive under section 28; or
 - (b) affect any right, obligation or liability arising under such agreement, transaction or arrangement.
30. (1) The Commission may, after consultation with the exchange, direct the exchange to close its securities market for a period not exceeding five business days if the Commission is of the opinion that an orderly and fair market for trading in securities on the securities market is being or is likely to be prevented because –
- (a) an emergency or natural disaster has occurred within Sri Lanka; or
 - (b) there exists an economic or financial crisis or any other similar circumstance within or outside Sri Lanka.
- (2) The Commission may extend the closure of the securities market under subsection (1) for any further periods, each not exceeding five business days at a time.
- (3) The Commission shall specify the grounds for the closure in the directive given under subsection (1) and the grounds for any extension of closure under subsection (2).
- (4) The Commission shall, as soon as may be practicable, give a copy of the directive under subsection (1) or extension under subsection (2) to the exchange and direct the exchange to do all that it is reasonably capable of doing to give effect to the directive under subsection (1) or extension under subsection (2) while the directive or extension remains in force.
- (5) Where the Commission exercises its power under this section it shall notify the Minister setting out the reasons for the exercise of the power under this section.
- (6) In this section –
- “business day” means any day on which there is official trading on the exchange but for the closure;
- “fair market” includes a market that reflects the forces of supply and demand.
31. (1) Where an exchange decides to list its own securities on such exchange, it shall obtain the prior approval of the Commission and the Ministry of Finance.
- (2) The Commission shall grant approval to the exchange to list its securities on such exchange on being satisfied that the exchange has complied with all the necessary listing requirements of the exchange.
- (3) On such approval being granted, such exchange shall enter into an arrangement as the Commission may require-
- (a) for dealing with possible conflicts of interest that may arise from the listing on such exchange;
 - (b) for the purpose of ensuring the integrity of trading of securities of such exchange; and
 - (c) for compliance with obligations as a listed company if such exchange was to become a listed company, and such exchange shall comply with such requirements.
- (4) The listing requirements of such exchange shall be deemed to allow the Commission, instead of such exchange to make decisions and to take action, relating to-
- (a) the admission to or removal of the exchange from the official list of such exchange;

- (b) the stopping or suspension of the securities of the exchange from being listed or traded on such exchange; or
 - (c) the continuing listing requirements or such other matters as the Commission deems fit for the purpose of subsection (1).
- (5) An arrangement under subsection (3) may provide for the exchange to pay such fees to the Commission as the Commission may determine for services provided by the Commission under the arrangement or otherwise.
- (6) Without prejudice to the powers of the Commission to approve or amend the rules of an exchange, the Commission may by notice in writing-
- (a) modify the listing requirements of such exchange for the purpose of applying for a listing or trading of the securities of such exchange; or
 - (b) exempt such exchange from any listing requirement.

CHAPTER 2

CLEARING HOUSE

32. In this Chapter, unless the context otherwise requires –

“central counterparty” means a legal person who engages in clearing and settlement of trades on a securities market by becoming the buyer to every seller and the seller to every buyer by guaranteeing each trade;

“default proceedings” mean any proceedings or other action taken by a licensed clearing house under its default rules;

“default rules”, in relation to a licensed clearing house, mean such rules of the licensed clearing house which provide for the initiation of default proceedings if a clearing member has failed to meet its obligations in respect of all or any unsettled market contracts to which the clearing member is a party;

“defaulter” means a clearing member who is the subject of any default proceedings;

“market charge” means a charge, whether fixed or floating, granted in favour of a licensed clearing house -

- (a) over any property as specified in the rules of a clearing house which is held by or deposited with the licensed clearing house; and
- (b) for the purpose of securing liabilities arising directly in connection with the licensed clearing house ensuring the settlement of a market contract;

“market collateral” means any property or guarantees given in any other form of collateral as specified in the rules of a licensed clearing house held by or deposited with a licensed clearing house for the purpose of securing liabilities arising directly in connection with the clearing house ensuring the performance of market contracts by the licensed clearing house;

“market contract” means -

- (a) a contract which is subject to the rules of a licensed clearing house and entered into by the licensed clearing house with a clearing member pursuant to a novation for the purpose of clearing and settlement of transactions using the clearing facility of a licensed clearing house; or
- (b) a transaction which is or is to be cleared or settled using the clearing facility of a licensed clearing house and in accordance with the rules of the licensed clearing house, whether or not a novation referred to in paragraph (a) is to take place;

“relevant office holder” means –

- (a) any person acting in relation to a company as its liquidator, provisional liquidator, receiver or manager or an equivalent person; or
- (b) any person appointed pursuant to a bankruptcy proceedings.

33. There may be established a licensed clearing house to clear and settle securities transactions which take place in an exchange.

34. (1) A person shall not establish, operate or maintain a clearing facility for the purpose of clearing or settlement of securities transactions in a licensed exchange or with a market operator unless the person has been licensed by the Commission to establish or operate a clearing house under this Chapter.

(2) Any person who contravenes subsection (1) commits an offence and shall, on conviction after a summary trial before a Magistrate, be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

- (3) Subsection (1) shall not apply to any person providing clearing facilities for securities exempted under this Act or any clearing facility provided exclusively by the Central Bank of Sri Lanka or a clearing facility acting as an integrated central counterparty which provides for the settlement and clearing of securities as defined in this Act and securities issued by the Government of Sri Lanka or the Central Bank of Sri Lanka.
35. (1) The Commission may grant a licence to an applicant to establish and operate as a clearing house subject to such terms and conditions as may be specified therein.
- (2) The Commission may amend, revoke or impose new terms and conditions to the licence, if the Commission is satisfied that it is appropriate to do so for the protection of investors, or for the proper regulation of a licensed clearing house.
36. (1) An application for a licence to establish or operate a clearing house, acting as a central counterparty or otherwise to guarantee clearing and settlement of securities transactions in a licensed exchange or a recognized market operator, shall be made to the Commission in such manner and form as may be specified by the Commission by rules and shall be accompanied by such fee as may be prescribed.
- (2) An application for a licence to establish or operate a licensed clearing house shall only be made by a body corporate.
- (3) An applicant shall provide all information necessary to satisfy the Commission that the applicant has established, at the time of submitting the application, the necessary arrangements to comply with the requirements of this Act, or regulation or rules made thereunder.
- (4) The rules of such clearing house (hereinafter referred to as the “clearing rules”) may provide for -
- (a) the efficient provision of clearing facilities in relation to securities that are cleared through its clearing facilities;
 - (b) the requirement for entering into contracts with clearing members under which they would agree to be bound by the rules of the licensed clearing house;
 - (c) the admission of clearing members to the clearing house including transparent and non discriminatory criteria for such admission;
 - (d) the effective regulation and supervision of its clearing members that use its clearing facilities;
 - (e) conditions relating to the acceptance of guarantees or collateral, from clearing members and for the efficient management of such guarantees or collateral;
 - (f) the establishment of a Settlement Guarantee Fund and the implementation of a prudent risk management system;
 - (g) the obligations of clearing members and minimum requirements with regard to capital, internal audit and risk management;
 - (h) the fair and efficient settlement of disputes -
 - (i) between the clearing house and its clearing members; and
 - (ii) between clearing members;
 - (i) the expulsion, suspension, and disciplining of clearing members including the power or authority of the licensed clearing house to impose penalties for the failure of clearing members to comply with the rules of the licensed clearing house;
 - (j) the specification of the class or the classes of securities that may be cleared and settled using its facilities;
 - (k) the inclusion of default rules to facilitate-
 - (i) the initiation of default proceedings if a clearing member has failed to meet its obligations under the clearing rules and the risk management procedures to deal with a clearing member who appears to be unable, or is likely to become unable to meet its obligations;
 - (ii) the governing of collateral including the depositing and efficient creation and realization of guarantees or collateral provided by a defaulting clearing member in the event of default or bankruptcy of such member; and
 - (iii) the uninterrupted services of the clearing house under circumstances relating to subparagraphs (i) and (ii) above or any other circumstances that threatens the solvency of a clearing house;
 - (l) the time for entering settlement orders into the settlement system and the time when such orders become final and irrevocable;
 - (m) the time of counterparty substitution;
 - (n) the netting arrangements, the finality of settlements and any other obligations relevant to a licensed clearing house which acts as a central counterparty or otherwise.

37. (1) A clearing house to which a licence has been granted under section 35 shall –
- (a) operate a safe, efficient and effective clearing facility for the purposes of clearing or settlement of securities transactions;
 - (b) manage any risks associated with its business and operations prudently;
 - (c) maintain an adequate level of capital in accordance with the financial risks undertaken with regard to the securities transactions that are to be cleared and settled using its services;
 - (d) undertake financial liability within the limits established in its rules and within the framework of the guarantees to be taken from its clearing members in the form of margins, charges and collateral;
 - (e) establish and maintain a data processing infrastructure and other internal controls including internal audit systems for risk management;
 - (f) segregate the guarantees and the assets of account holders from the assets of the licensed clearing house;
 - (g) not use the guarantees or assets taken from its clearing members for purposes other than those for which they were deposited; and
 - (h) act in the public interest having particular regard to the need to protect investors.
- (2) Notwithstanding the provisions of any other law, a director of a licensed clearing house has a duty to act at all times in the public interest having particular regard to mitigation of systemic risk and where there is a conflict between the duty under this Act and a director's duty under any other law, the duty under this Act shall prevail.
- (3) A licensed clearing house shall at all times –
- (a) have robust governance arrangements, which include a clear organizational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is or might be exposed, and adequate internal control mechanisms, including sound administrative and accounting procedures;
 - (b) adopt policies and procedures which are sufficiently effective so as to ensure compliance with this Act, regulations, rules or directives made thereunder;
 - (c) maintain and operate an organizational structure that ensures continuity and orderly functioning in the performance of its services and activities, and shall employ appropriate and proportionate systems, resources and procedures;
 - (d) maintain a clear separation between the reporting lines for risk management and those for the other operations of the clearing house;
 - (e) maintain information technology systems adequate to deal with the complexity, variety and type of services and activities performed in order to ensure high standards of security to ensure the integrity and confidentiality of the information maintained; and
 - (f) make its governance arrangements, the rules governing the licensed clearing house, and its admission criteria for licensed clearing house membership, available to the public free of charge.
38. Without prejudice to the generality of the powers conferred on the Commission under this Act, the Commission shall have the power to regulate and supervise a licensed clearing house in order to satisfy itself that the licensed clearing house carries on its functions in accordance with the provisions of this Act, rules made thereunder and the terms and conditions of the licensed clearing house.
39. (1) The Commission may by notice in writing –
- (a) cancel the licence granted under section 35 to a clearing house with effect from the date specified in the notice; or
 - (b) direct the licensed clearing house to cease to provide or operate such facilities or to cease to provide such services, with effect from the date specified in the notice.
- (2) The Commission shall not cancel a licence or issue a directive under subsection (1) unless the Commission is satisfied that it is appropriate to do so for the protection of investors, in the public interest or for the proper regulation of the clearing and settlement of transactions in securities, if any of the following circumstances occur:-
- (a) the licensed clearing house ceases to provide clearing facilities;
 - (b) the licensed clearing house is being wound up or otherwise dissolved, whether within or outside Sri Lanka;
 - (c) the licensed clearing house has contravened any term or condition of its licence or is charged with any offence under this Act;

- (d) the licensed clearing house has failed to comply with a term or condition of its license requirement or directive issued under this Act or otherwise fails to comply with any provision or requirement under this Act;
 - (e) any information provided for the purposes of section 36 was false or misleading in a material particular or from which there is a material omission;
 - (f) a judgment debt against the clearing house has not been satisfied in whole or in part;
 - (g) a receiver, a receiver and manager, liquidator or an equivalent person has been appointed, whether within or outside Sri Lanka, in relation to or in respect of any property of the licensed clearing house;
 - (h) the licensed clearing house has, whether within or outside Sri Lanka, entered into a compromise or scheme of arrangement with its creditors; or
 - (i) the licensed clearing house has on its own accord applied to the Commission to cancel the licence granted to it.
- (3) For the purposes of paragraph (a) of subsection (2), the clearing house shall be deemed to have ceased to provide clearing facilities if it has ceased to provide such facilities for a period exceeding two weeks without obtaining the prior written approval of the Commission to do so.
- (4) Notwithstanding the cancellation of a licence or the issuance of a directive under subsection (1), the Commission may permit the clearing house to continue, on or after the date on which the cancellation or directive is to take effect, to carry on such activities affected by the cancellation or directive as the Commission may specify in the notice for the purpose of –
- (a) closing down the operations of the clearing house or ceasing to provide the services specified in the notice; or
 - (b) protecting investors or the public interest.
- (5) Where the Commission acts under subsection (1), the Commission may, where it considers necessary, appoint an interim board of directors for a period of six months which may be extended up to a period of one year to manage the affairs of the licensed clearing house until a new board of directors is appointed.
- (6) The Commission shall not take any action under subsection (1) without giving the clearing house an opportunity of being heard.
40. (1) A licensed clearing house which is aggrieved by the decision of the Commission made under subsection (1) of section 39, may, within fourteen days after the clearing house is notified of the decision, appeal to the Minister.
- (2) Notwithstanding the lodging of an appeal under subsection (1), any action taken by the Commission under this section shall continue to have effect pending the decision of the Minister.
- (3) The Minister may, on an appeal made under subsection (1)–
- (a) allow the appeal and direct the Commission to revoke the cancellation of the licence or the directive; or
 - (b) disallow the appeal.
- (4) The Commission shall give effect to the decision of the Minister under subsection (3).
- (5) Subject to subsection (4), the Commission shall give public notice of any cancellation of a licence or any directive issued under this section.
41. Any cancellation of a licence or the issuance of a directive under subsection (1) of section 39 shall not operate so as to –
- (a) avoid or affect any agreement, transaction or arrangement entered into through the licensed clearing house whether the agreement, transaction or arrangement was entered into before, or where subsection (4) of section 39 applies, after the cancellation of the licence or issuance of the directive under section 39; or
 - (b) affect any right, obligation or liability arising under such agreement, transaction or arrangement.
42. (1) A licensed clearing house shall, for the purpose of risk management, initiate default proceedings under default rules if a clearing member is unable or is likely to become unable to meet the obligations in respect of all or any unsettled market contracts to which the clearing member is a party.
- (2) Where a licensed clearing house initiates any default proceedings, all subsequent proceedings or other action taken under its clearing rules for the purposes of the settlement of market contracts of which the defaulter is a party shall be deemed to have been carried out under the default rules of the licensed clearing house.
43. (1) Notwithstanding only of an inconsistency with the provisions of any written law relating to the assets of a person subject

to insolvency, bankruptcy or winding up, or on the appointment of a receiver, a receiver and a manager, a liquidator or a person in an equivalent capacity, none of the following shall be invalid to any extent in law :-

- (a) a market contract;
 - (b) the rules of a clearing house relating to the settlement of a market contract;
 - (c) any proceedings or other action taken under the rules of a clearing house relating to the settlement of a market contract;
 - (d) a market charge;
 - (e) market collateral;
 - (f) the default rules of a clearing house; or
 - (g) any default proceedings.
- (2) Subject to subsection (1), the powers of a relevant office holder in his capacity as such and the powers of any court under the law of insolvency or the Companies Act, No.7 of 2007 shall not be exercised in such a way as to prevent or interfere with –
- (a) the settlement of a market contract in accordance with the rules of a clearing house; or
 - (b) any default proceedings.
44. Nothing in the Companies Act, No. 7 of 2007 nor any other written law, shall prevent or interfere with the default proceedings instituted by a licensed clearing house in the realization and disposition of any market collateral by the licensed clearing house.
45. (1) Upon completion of any default proceedings, a licensed clearing house shall provide a report in respect of each defaulter to the person or entity referred to in subsection (2) in respect of the following: -
- (a) the net sum, if any, certified by the licensed clearing house to be payable by or to the defaulter;
 - (b) the fact that no sum is so payable to the defaulter; and
 - (c) such other particulars in respect of such default proceedings as it thinks fit.
- (2) A certified copy of the report prepared under subsection (1) shall be provided forthwith-
- (a) to the Commission;
 - (b) to the defaulter to whom the report relates or to the relevant office holder acting for the defaulter to whom the report relates or to the defaulter's estate; and
 - (c) to such other person as the Commission deems fit.
- (3) Where the licensed clearing house has made a report pursuant to subsection (1), relevant office holder of the defaulter shall publish a notice of that fact to bring it to the attention of creditors of the defaulter to whom the report relates.
- (4) Where a relevant office holder or defaulter receives a report pursuant to subsection (1), it shall, at the request of any of his creditors-
- (a) make the report available for inspection by the creditor within two days from the receipt of such request; or
 - (b) on payment of a relevant fee as determined by the relevant office holder or the defaulter, provide to the creditor a certified copy of such report or any part of that report as requested.
46. (1) Upon the completion of default proceedings, the net sum certified under paragraph (a) of subsection (1) of section 45 by a licensed clearing house shall be payable by or to the defaulter.
- (2) Notwithstanding any provision of the Companies Act, No. 7 of 2007, where an order for a receiver or winding up has been made or a resolution for voluntary winding up has been passed, the net sum referred to in subsection (1) shall be taken into account in relation to winding up proceedings under the Companies Act, No. 7 of 2007.
47. (1) If a clearing member ("the first clearing member") sells securities at an overvalue to, or purchases securities at an undervalue from, another clearing member ("the second clearing member") in circumstances as described in subsection (3) and thereafter a relevant office holder acts for-
- (a) the second clearing member;
 - (b) the principal of the second clearing member in the sale or purchase; or
 - (c) the estate of the second clearing member or the person referred to in paragraph (b), the relevant office holder may

recover, from the first clearing member, or the principal of the first clearing member, an amount equal to the identified gain obtained by the sale or purchase by the first clearing member, or the principal of the first clearing member unless a court orders otherwise.

- (2) The amount equal to the identified gain is recoverable even if the sale or purchase may have been discharged according to the rules of the clearing house and replaced by a market contract.
 - (3) The circumstances referred to in subsection (1) for a sale or purchase shall be where-
 - (a) an identified event has occurred in relation to the second clearing member or the principal of the second clearing member; and
 - (b) either-
 - (i) the first clearing member knew, or could reasonably have known that an identified event was likely to occur in relation to the second clearing member or the principal of the second clearing member; or
 - (ii) the principal of the first clearing member knew or could reasonably have known that an identified event was likely to occur to the second clearing member or the principal of the second clearing member, and the identified event occurs within the period of six months immediately following the date on which the sale or purchase was entered into.
 - (4) In this section-
 - (a) “identified event”, in relation to a second clearing member or a person who is or was in respect of a sale or purchase referred to in subsection (1) means-
 - (i) an act of bankruptcy committed by the second clearing member or the principal of the second clearing member, as the case may be;
 - (ii) a meeting of creditors summoned in relation to the second clearing member or the principal of the second clearing member, as the case may be, pursuant to the Companies Act, No.7 of 2007; or
 - (iii) the presentation of a petition for the winding up of the second clearing member or the principal of the second clearing member, as the case may be, to a court;
 - (b) “identified gain” in relation to a sale or purchase referred to in subsection (1), means the difference between –
 - (i) the market value of the securities which is the subject of the sale or purchase; and
 - (ii) the value of the consideration for the sale or purchase, as at the time the sale or purchase was entered into.
48. Notwithstanding the provisions of any other law, a clearing member who enters into any transaction including a market contract with a licensed clearing house, notwithstanding the fact that he is party to that transaction as an agent shall for all purposes including any civil action, claim or demand by or against a licensed clearing house be deemed to be a party to that transaction as a principal and not as an agent.
49. Notwithstanding the provisions of any other law, where market collateral is delivered in settlement of a market contract or under a market charge to a licensed clearing house by a clearing member in accordance with the rules of the licensed clearing house, no civil action, claim or demand in respect of any right, title or interest in market collateral delivered to a licensed clearing house shall be allowed against the licensed clearing house.
50. The licensed clearing house shall be entitled to execute the collateral subject to a market contract or market charge in accordance with the procedure specified in the rules of a licensed clearing house.
51. (1) A central depository shall give effect to an instruction from a licensed clearing house to effect a transfer of securities into or out of a securities account of an account holder provided such instruction shall be for the purposes of settlement of a market contract or otherwise dealing with a market contract in accordance with the rules of the licensed clearing house.
- (2) An instruction under subsection (1) shall be given by a licensed clearing house only in relation to a securities account which relates to an account holder who is a party to a market contract or an account holder who had instructed a clearing member to effect a trade which results in a market contract to which a clearing member has become a party.
- (3) Where any transfer of securities pursuant to a market contract is effected by the central depository to or from a securities account of an account holder pursuant to subsection (1), no title in such securities shall pass to an account holder except as provided under the rules of a licensed clearing house.
- (4) Where a transfer of securities has been effected into or out of a securities account of an account holder pursuant to

subsection (1), a central depository shall not be subject to any action or claim by or be liable to any damages to that account holder.

52. (1) A licensed clearing house may require an exchange to effect on behalf of the licensed clearing house a sale or purchase of securities if such sale or purchase, as the case may be, is effected for the purposes of settlement of any market contract or to facilitate default proceedings or to enable the clearing house to realize any asset comprised in any market charge or provided as market collateral, and the exchange shall give effect to any such instruction.
- (2) Where a sale or purchase of securities has been effected on behalf of the licensed clearing house pursuant to subsection (1) by an exchange, the exchange shall not be subject to any action or claim by or be liable to any damages to any person.
- (3) A clearing or settlement transaction of securities carried out by a clearing house or a payment by or to a licensed clearing house shall not be reversed, undone or cancelled other than in accordance with the clearing and settlement rules of the licensed clearing house.
53. (1) It shall be a defence to a person in any civil or criminal proceedings to prove that in discharging his duties by virtue of delegation of powers under the default rules of a licensed clearing house in connection with any default proceeding in respect of anything done or omitted to be done that he exercised reasonable care and acted in good faith in the course of or in connection with the discharge or purported discharge of that duty.
- (2) The person referred to in subsection (1) shall include –
 - (a) any member of the board of directors of the person; and
 - (b) any member of any committee established by such person.
- (3) Where a relevant office holder takes action in relation to any property of any defaulter which is liable to be dealt with in accordance with the default rules of a licensed clearing house, and where the relevant office holder reasonably believes or has reasonable grounds for believing that he is entitled to take that action, the relevant office holder shall not be liable to any person for any loss or damage resulting from any action of the relevant office holder unless such loss or damage was caused by the negligence of the relevant office holder.

CHAPTER 3

CENTRAL DEPOSITORY

54. (1) A person shall not establish, operate or maintain a central depository for handling of securities, without obtaining a licence from the Commission whether such securities are listed or not listed on an exchange.
- (2) Any person who contravenes the provisions of subsection (1), commits an offence and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.
- (3) Subsection (1) shall not apply to-
 - (a) a central depository operated or established by the Central Bank of Sri Lanka;
 - (b) a central depository operated in respect of securities issued by the Government of Sri Lanka or the Central Bank of Sri Lanka; or (c) any person providing a Central Depository for any issue of securities which have been exempted by the Commission.
55. (1) An application for a licence to establish or operate a central depository shall be made to the Commission in such manner and form as may be specified by the Commission and shall be accompanied by such fee as may be prescribed.
- (2) An application for a licence to establish or operate a central depository shall only be made by a body corporate.
- (3) The central depository shall make rules which have satisfactory provisions with regard to –
 - (a) conditions under which securities may be deposited, held by, withdrawn from or transferred to and recorded in the register of securities;
 - (b) the processing of dealings in deposited securities;
 - (c) facilitating the settlement of deposited securities;
 - (d) the protection of the interests of account holders and the protection and control of information on deposited securities and dealings therein;

- (e) transparent and non discriminatory criteria for the admission of depository participants and the categories of depository participants;
 - (f) the monitoring and supervision of depository participants and for the enforcement of the rules of the applicant company;
 - (g) the expulsion, suspension, imposition of penalties or disciplining of depository participants for failure to comply with the rules of the central depository;
 - (h) the settlement of disputes between the central depository and the depository participants and between depository participants; and
 - (i) ensuring the segregation of the securities belonging to investors from those of the depository participants.
- (4) An applicant under subsection (1) shall provide such information as the Commission considers necessary in relation to the application.
- (5) The proposed central depository shall at all times have sufficient financial, human and other resources to ensure the provision of –
- (a) adequately and properly equipped premises for the conduct of its business;
 - (b) competent personnel for the conduct of its business; and
 - (c) automated systems with adequate capacity, security arrangements and facilities to mitigate risks and to meet emergencies.
- (6) Where the Commission is satisfied that it is appropriate to do so in the public interest or for the proper regulation of the securities market, it may, grant a licence to the applicant to establish or operate a central depository subject to such terms or conditions as the Commission thinks fit.
- (7) Without limiting the generality of the terms and conditions attached to the licence referred to in subsection (6), the Commission, may amend or revoke any of the terms and conditions imposed or impose new terms and conditions, if the Commission is satisfied that it is appropriate to do so in the interest of the investors, or for the proper regulation of a central depository.
56. (1) A central depository shall –
- (a) operate a safe, effective and efficient system for the handling of securities;
 - (b) manage any risks associated with its business and operations prudently; and
 - (c) act in the public interest having particular regard to the need for the protection of account holders.
- (2) Notwithstanding the provisions of any other written law, it shall be the duty of a director of a central depository to act at all times in the public interest having particular regard to the need for the protection of account holders, and where there is a conflict between such duty and a director's duty under the provisions of any other written law the duty under this Act shall prevail.
57. (1) The Commission may by notice in writing -
- (a) cancel the licence granted under section 55 with effect from the date specified in the notice; or
 - (b) direct the central depository to cease to provide or operate such facilities, or to cease to provide such services, as are specified in the notice, with effect from the date specified in the notice.
- (2) The Commission shall not cancel a licence or issue a directive under subsection (1), unless the Commission is satisfied that it is appropriate to do so for the protection of investors or in the public interest or for the proper regulation of the securities market where any of the following circumstances occur: -
- (a) the central depository ceases to operate a system for the central handling of securities;
 - (b) the central depository is being wound up or otherwise dissolved, whether within or outside Sri Lanka;
 - (c) the central depository has contravened any term or condition of its licence or is charged with any offence under this Act;
 - (d) the central depository has failed to comply with a condition, requirement or directive that is issued under this Act;
 - (e) any information provided for the purposes of section 55 was false or misleading in a material particular or from which there is a material omission;
 - (f) a judgment debt against the central depository has not been satisfied in whole or in part;
 - (g) a receiver, a receiver and manager, liquidator or an equivalent person has been appointed, whether within or outside

- Sri Lanka, in relation to or in respect of any property of the central depository;
- (h) the central depository has, whether within or outside Sri Lanka, entered into a compromise or scheme of arrangement with its creditors; or
 - (i) the central depository has on its own accord applied to the Commission to cancel the licence granted to it and the Commission, thinks it fit to do so.
- (3) For the purposes of paragraph (a) of subsection (2), the central depository shall be deemed to have ceased to operate a system for the central handling of securities if it has ceased to operate such system for a period exceeding two weeks without obtaining the prior written approval of the Commission.
- (4) Notwithstanding the cancellation of a licence or the issuance of a directive under subsection (1), the Commission may permit the central depository to continue, on or after the date on which the cancellation or directive is to take effect, to carry on such activities affected by the cancellation or directive as the Commission may specify in the notice—
- (a) for the purpose of closing down the operations of the central depository or ceasing to provide the services specified in the notice;
 - (b) for the purpose of protecting the depositors; or
 - (c) in the public interest.
- (5) Where the Commission acts under subsection (1), the Commission may where it deems necessary appoint an interim board of directors for a period of six months and be extended for a period of one year to manage the affairs of the central depository until a new board of directors is appointed.
- (6) Where the Commission has granted permission to the central depository under subsection (4), the central depository shall not, by reason of its carrying on the activities in accordance with the permission, be regarded as having contravened subsection (1).
- (7) The Commission shall not take any action under subsection (1) without giving the central depository an opportunity of being heard.
- (8) A central depository which is aggrieved by the decision of the Commission made under subsection (1) may, within fourteen days after the central depository is notified of the decision, appeal to the Minister.
- (9) Notwithstanding the making of an appeal under subsection (8), any action taken by the Commission under this section shall continue to have effect pending the decision of the Minister.
- (10) The Minister may, on an appeal made under subsection (8)–
- (a) allow the appeal and direct the Commission to revoke the cancellation of the licence or the directive; or
 - (b) disallow the appeal.
- (11) The Commission shall give effect to the decision of the Minister.
- (12) Subject to subsection (11), the Commission shall give public notice of any cancellation of the licence or any directive issued under this section.
58. Any cancellation of a licence or the issuance of a directive under subsection (1) of section 57 shall not operate so as to –
- (a) avoid or affect any agreement, transaction or arrangement entered into by the central depository, whether the agreement, transaction or arrangement was entered into before or, where subsection (4) of section 57 applies after the cancellation of the licence or issuance of the directive under subsection (1) of section 57; or
 - (b) affect any right, obligation or liability arising under such agreement, transaction or arrangement.
59. A central depository may establish different types of securities accounts and every such securities account opened with a central depository shall be in the name of the beneficial owner of the deposited securities or in the name of a nominee. Where a securities account is opened in the name of a nominee, the name of the beneficial owner shall be disclosed to the central depository by the person opening such account.
60. All dealings of securities held in a central depository shall be made by means of book entries in the accounts of the central depository without the physical delivery of scrips.
61. A record of an entry in an account maintained by the central depository shall be prima facie evidence of the authenticity of such matter.

62. (1) Where the central depository holds securities in trust for its holders of securities, the person for whose benefit those securities are held in trust-
- (a) shall be deemed to be the holder of such securities; and
 - (b) shall in respect of those securities, enjoy all such rights and privileges and be subject to all such duties and obligations in respect of, or arising from, such securities, under the Companies Act, No. 7 of 2007 as the case may be, as if he is the holder of those securities.
- (2) The rights and duties attached to the securities maintained in the accounts of the central depository held by a nominee shall be exercised by the beneficial owner identified in the respective account held in the central depository as if he is the holder of those securities.
- (3) The appointment of a receiver, a receiver or manager, liquidator or any equivalent person in respect of any insolvency or bankruptcy proceedings of a depository participant shall not affect the rights of holders of securities held in trust by the central depository of that depository participant.
63. Any registration of securities by the central depository prior to the enactment of this Act shall not be invalid only for the reason that such registration has been done other than in accordance with the provisions of this Act, regulations, rules or directives made thereunder.

CHAPTER 4

GENERAL PROVISIONS

64. (1) The rules of a market institution shall be approved by the Commission and such approved rules shall operate as a binding contract-
- (a) between the market institution and each issuer of securities;
 - (b) between the market institution and each trading participant, clearing member or depository participant as the case may be;
 - (c) between each issuer of securities and each trading participant; and
 - (d) between trading participants, clearing members or depository participants.
- (2) The market institution, each issuer of securities, each trading participant, clearing member and depository participant respectively shall observe and perform the obligations under the provisions of the rules so far as those provisions are applicable to the market institution, issuer, trading participant, clearing member or depository participant as the case may be.
- (3) The rules of a market institution in so far as they have been approved by the Commission, shall not be amended, varied or rescinded without the prior approval of the Commission.
- (4) Where a market institution proposes to amend its rules, the market institution shall forward to the Commission in writing the proposed amendment.
- (5) The Commission shall, after hearing the market institution within ninety days of receipt of the proposed amendment give written notice to the market institution as to whether such amendments to the rules are-
- (a) allowed;
 - (b) disallowed; or
 - (c) allowed with amendments, variations or modifications.
- (6) Where the proposed amendment is disallowed, the Commission shall give reasons for such disapproval.
- (7) Where the Commission fails to revert to the market institution within ninety days, proposed amendments to such rules under subsection (4) shall take effect immediately on the expiration of ninety days.
- (8) Upon receipt of notice under subsection (5), the market institution shall give immediate effect to such rule.
- (9) Notwithstanding the provisions contained in subsections (5) and (8), the Commission may amend the rules of any market institution at any time and such rules shall take effect with immediate effect or on such date as specified by the Commission.
65. (1) Where any person who is under a duty to comply, observe, enforce or give effect to the rules of a market institution fails to do so, the Commission shall direct such person to comply with such rules or to give reasons for such failure upon the market institution referring such matter to the Commission.

- (2) Where the Commission is not satisfied with the reasons given by such person, the Commission may direct such person referred to in subsection (1) to comply with the rules and any other direction given by the Commission which the Commission deems necessary.
 - (3) Any person who violates a directive of the Commission issued under subsection (2) commits an offence.
 - (4) Where any person fails to comply with a directive issued by the Commission under subsection (1), the Commission may proceed as provided for under subsection (2) or make an application to court for an order under subsection (5).
 - (5) The Court may, make an order directing the first mentioned person to comply, observe, enforce or give effect to the rules of a market institution.
66. (1) A person other than a representative of the government, shall not enter into any agreement or arrangement to acquire any voting shares of a market institution either individually or together with any other person acting in concert with him, exceeding five *per centum* or more of the aggregate of all the voting shares in a market institution, without obtaining the prior written approval of the Commission.
- (2) The Commission may impose restrictions on the maximum proportion of voting shares that may be held directly or indirectly by a group of persons representing a particular interest as may be determined by the Commission by way of an Order published in the *Gazette*.
 - (3) The Commission may, at any time by publishing a notification in the *Gazette*, vary the threshold referred to in subsection (1) after taking into consideration the stage of securities market development or the public interest.
 - (4) An application for the purpose of obtaining approval under subsection (1) shall be made by the person intending to acquire voting shares referred to therein and shall be sent to the Commission in the form and manner as may be specified by the Commission.
 - (5) The Commission may require the applicant –
 - (a) to give further information in connection with an application; and
 - (b) to have any information submitted in support of an application verified at the cost of the applicant, in such manner and by such persons as it may specify.
 - (6) The Commission may grant its approval subject to such terms and conditions as it thinks fit to impose.
67. (1) Where the Commission is satisfied that any person has contravened the provisions of section 66, the Commission may issue a directive imposing one or more of the following prohibitions as may be applicable or appropriate in the circumstances of the contravention in respect of any shares:-
- (a) prohibit the buying of, or the carrying out of the agreement or arrangement to buy, such voting shares, or in the case of unissued shares, the carrying out of the agreement or arrangement to buy or the buying of the right to be issued with unissued shares;
 - (b) prohibit the exercise of any voting rights in respect of such shares;
 - (c) prohibit the issue of any further shares in right of such shares or in pursuance of any offer made to the holder of such shares; or
 - (d) except in liquidation, prohibit the payment of any sums due from the market institution, on such shares, whether in respect of capital, dividends or otherwise.
- (2) A directive issued under subsection (1) shall be served on the person who contravenes subsection (1) as soon as is practicable, and may be publicised in such manner as the Commission thinks fit.
 - (3) A directive issued under subsection (1) shall be binding on the person who contravenes subsection (1) or any person for the time being holding the voting shares to which such directive relates and on any other person specified in the directive.
 - (4) Any person against whom a directive has been issued under subsection (1), or any other person prejudicially affected by such directive, may within fourteen days of the issuance of the directive, make an appeal in writing to the Commission for the setting aside of the directive on the ground that he had not contravened the provisions in relation to which the directive has been issued, or for a variation of the directive on the ground that it would be just and proper to vary it for reasons to be specified in the appeal.
 - (5) The Commission may, within forty five days of receiving an application under subsection (4) after considering the appeal made by such application either confirm, set aside or vary the directive issued under subsection (1).

- (6) Where the Commission confirms the directive made under subsection (1) the Commission may direct the holder of the shares to which the directive applies to dispose of the shares.
 - (7) The Commission may issue any instruction or a directive to the directors or officers of the market institution, as may be necessary to give effect to any decision of the Commission made under this section, or as may be incidental, ancillary or consequential to such decision.
 - (8) Any transaction, including any agreement or arrangement in relation to any shares which is in contravention of any directive issued or of any decision made under subsection (5) or of any instruction given or directive issued by the Commission under subsection (7), shall be deemed to have no effect in law.
 - (9) A person who contravenes any directive or decision made under subsection (5), or any instruction given or directive issued under subsection (7), commits an offence and shall, on conviction after summary trial by a Magistrate, be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such imprisonment and fine.
68. (1) Notwithstanding the provisions of the Companies Act, No. 7 of 2007, a person shall not accept appointment, reappointment, election or re-election as a director, chief executive officer or chief regulatory officer of a market institution except with the prior approval of the Commission.
- (2) Where the approval of the Commission is required under subsection (1), the Commission shall not approve, as the case may be if -
- (a) any proposed director, chief executive officer or chief regulatory officer is an undischarged bankrupt, whether within or outside Sri Lanka;
 - (b) a judgment debt against the proposed director, chief executive officer or chief regulatory officer has not been satisfied in whole or in part;
 - (c) the proposed director, chief executive officer or chief regulatory officer-
 - (i) has been convicted, whether within or outside Sri Lanka, of an offence, involving fraud or dishonesty or the conviction for which involved a finding that he has acted fraudulently or dishonestly;
 - (ii) has been convicted of an offence under this Act;
 - (iii) during a period of three years immediately preceding such appointment has been subject to any administrative sanction by the Commission under this Act;
 - (iv) has been convicted of an offence involving moral turpitude; or
 - (v) is likely to have a conflict of interest.
69. Where a market institution proposes to alter its Articles of Association or any other material particulars already furnished or effects or intends to effect a change from the state specified in the application or renewal of a licence, the market institution shall obtain the approval of the Commission before such alteration or change is effected.
70. Nothing in any written law relating to contracts to the extent of its inconsistency with the provisions of this Act or any rules made thereunder shall affect -
- (a) any rights to be conferred on an exchange or a clearing house in relation to securities under this Act, regulations, rules or directives made thereunder;
 - (b) any rights to be conferred on a party to securities transaction entered into by an exchange under this Act, regulations, rules or directives made thereunder, or the rules of an exchange or a licensed clearing house or a licensed central depository as the case may be; or
 - (c) anything done or omitted to be done under or in relation to securities transaction entered into by an exchange or a licensed clearing house or a licensed central depository under this Act, regulations, rules or directives made thereunder, as the case may be.
71. It shall be a defence in any criminal or civil proceeding for anything done or omitted to be done by-
- (a) an exchange; or
 - (b) any person acting on behalf of an exchange including-
 - (i) any director of the exchange; or
 - (ii) any member of any committee established by the exchange,

to prove that the exchange or the person under paragraph (b) took all reasonable care and acted in good faith in the course of or in connection with the discharge of its obligations under this Act, regulations, rules or directives made thereunder or the rules of such exchange.

72. (1) A market institution shall provide such assistance to the Commission, or to a person acting on behalf of or with the authority of the Commission, as the Commission or such person reasonably requires, including the furnishing of such returns, and the provision of such information relating to the operations of the market institution as the Commission or such person may require for the proper administration of this Act.
- (2) A person acting on behalf of or authorised by the Commission shall be entitled at all reasonable time to full and free access to the trading facility of an exchange for any of the purposes of this Act.
- (3) A person who refuses or fails without lawful excuse to allow a person acting on behalf of or a person who is authorised by the Commission access in accordance with subsection (2) to the trading facility of an exchange commits an offence under this Act.
73. (1) A market institution shall file with the Commission an annual report, within five months of the date of its balance sheet, which shall include-
 - (a) a report on the corporate governance policy of the market institution and any other information required by the Commission;
 - (b) audited financial statements prepared in accordance with Sri Lanka's Accounting Standards and such other requirements as may be specified in the rules; and
 - (c) consolidated financial statements, where the market institution is a holding company or a subsidiary where appropriate.
- (2) The financial statements to be included in an annual report under subsection (1) shall be audited in accordance with Sri Lanka's Auditing Standards.
- (3) The annual report of a clearing house and a central depository shall also include an audited report on risk management procedures and their application and any other information required by the Commission.
- (4) The information required under subsections (2) and (3) which is required to be included in an annual report shall be in addition to the requirements imposed under the Companies Act, No.7 of 2007.
74. (1) If an auditor of a market institution, in the ordinary course of performing his duties, becomes aware of-
 - (a) any matter which, in his opinion, adversely affects or may adversely affect the financial position of the market institution, to a material extent;
 - (b) any matter which, in his opinion, constitutes or may constitute a breach of any provision of this Act, regulations, rules or directives made thereunder or an offence involving fraud or dishonesty affecting the financial stability of the market institution to a material extent; or
 - (c) any irregularity that has or may have a material effect on the accounts of the market institution, including any irregularity that adversely affects or may adversely affect, the funds or property of investors in securities, the auditor shall immediately send to the board of directors a written report of the matter or the irregularity with a copy to the Commission.
- (2) An auditor of a market institution shall not be liable to any suit by any person in respect of any statement made in his report under subsection (1) provided the auditor has acted in good faith.
- (3) The Commission may impose all or any of the following duties on an auditor of a market institution: –
 - (a) a duty to submit such additional information and reports in relation to his audit as the Commission considers necessary;
 - (b) a duty to enlarge, extend or alter the scope of his audit of the business and affairs of the market institution;
 - (c) a duty to carry out any other examination or establish any procedure in any particular case; or
 - (d) a duty to submit a report on any matter arising out of his audit, examination or establishment of procedure referred to in paragraph (b) or (c), and the auditor shall carry out such duties, as an extension to his ordinary audit scope for issuing an independent opinion on the financial statements.
- (4) The market institution shall remunerate the auditor in terms of the schedule of fees published by the Commission in respect of the discharge by him of all or any of the duties referred to in subsection (3) and in circumstances where further investigation is necessary, remuneration to auditors shall be paid out of the Fund of the Commission.

75. A market institution, shall submit to the Commission such reports including a risk management audit in such form, manner and frequency as may be specified by the Commission. The Commission in addition shall subject the market institution to supervision and an annual audit by the Commission to ascertain compliance by the market institution with the provisions of this Act and of rules, regulations, directives that may be issued by the Commission from time to time.
76. A market institution shall pay to the Commission an annual fee as may be prescribed.
77. (1) A person shall not hold out as a stock exchange, a derivatives exchange, a licensed clearing house or a central depository and shall not take or use or by inference adopt the name, title or description of "stock exchange", "derivatives exchange", "futures exchange", "stock market", "derivatives market", "futures market", "licensed clearing house", "clearing facility", "central depository", "securities trading market", "derivatives trading market" or "futures trading market", or take or use or have attached to or exhibited at any place any name, title or description implying or tending to create the belief that such person is a stock exchange, derivatives exchange, licensed clearing house or a central depository.
- (2) A person who contravenes the provisions of subsection (1) commits an offence.
78. (1) A person who is aggrieved by a decision of the Commission may make an application to the Commission to review its decision within thirty days after the aggrieved person is notified of such decision.
- (2) The Commission shall communicate its decision to the applicant in writing not later than ninety days from the date of the receipt of the application.

PART III

ISSUE OF SECURITIES

79. The object and purpose of this Part shall be—
- (a) to regulate the issue of securities by way of public offers;
 - (b) to ensure the disclosure of financial information by listed public companies;
 - (c) to require auditors to disclose financial irregularities of listed public companies;
 - (d) to licence market intermediaries and register their representatives; and
 - (e) to protect assets of the clients.

CHAPTER I

PUBLIC OFFER OF SECURITIES

80. A listed public company or any public company which has applied to obtain a listing in an exchange shall not make a public offer of securities either directly or through a third party by way of a prospectus or a similar document or otherwise for the purposes of solicitation of funds from the public unless approved by the Commission or a person authorised by the Commission: Provided however, the Commission having taken into consideration the volume of securities, class of securities, the number and type of investors, the nature of the issuer or the nature of the securities market may by rules made under this Act require that the approval of the Commission be obtained prior to certain types of public offers of unlisted companies.
81. (1) A listed public company shall obtain the approval of the Commission or any person authorised by the Commission to grant approval in respect of—
- (a) any new issue or offer for sale of securities to the public, whether such issues or offers for sale are by way of a public offer or otherwise;
 - (b) private placement of securities;
 - (c) rights issues of securities;
 - (d) bonus issues of securities; or
 - (e) schemes of arrangements, schemes of reconstruction, take over schemes, share option schemes and acquisition of assets by way of issues of securities.
- (2) A listed foreign entity seeking a listing on an exchange licensed by the Commission shall apply to the Commission or any person authorised by the Commission for approval to make a public offer of securities.
- (3) The board of directors of every listed public company and listed foreign entity shall ensure that the company or the entity shall comply with the rules and requirements of the exchange in which it is listed at all times so long as the company or the entity remains listed on the exchange.

82. (1) The prospectus or similar document prepared by a person making an offer to the public shall comply with the requirements specified in the Companies Act, No. 7 of 2007, and any other requirements specified by the Commission and the rules of an exchange.
- (2) A person making an issue of securities to the public shall lodge a copy of the prospectus or a similar document with the Commission or with any person authorised by the Commission for that purpose prior to registration of the prospectus as required under the Companies Act, No. 7 of 2007.
- (3) The Commission may examine any prospectus or similar document when a person makes a public offer of securities for the purpose of solicitation of funds from the public.
83. (1) Where the Commission is of the opinion that—
- (a) a prospectus or similar document submitted to a licensed stock exchange under its listing rules or in respect of public offers falling within section 80 does not comply with or is not prepared in accordance with the provisions of this Act or the rules of the exchange as the case may be;
 - (b) a prospectus or similar document contains a statement or information that is false or misleading or from which there is a material omission; or
 - (c) an issuer has contravened any provision of this Act, regulations, rules or directives made thereunder or has not complied with the requirements imposed under this Act, the Commission may issue an order to the issuer not to allot, issue, offer or make an invitation to subscribe for or purchase or sell further securities relating to public offers.
- (2) The Commission shall not make an order under subsection (1) unless the Commission has given a reasonable opportunity to be heard to any affected person as to whether such an order should be made.
- (3) If the Commission considers that any delay in making an order under subsection (1) by giving an opportunity to be heard would be prejudicial to the interest of investors, the Commission may make an interim order without giving an opportunity to be heard.
- (4) An interim order under subsection (3) shall, unless previously revoked have effect until the end of twenty one days after the day on which it is made or the conclusion of the hearing in subsection (2), whichever date is later.
- (5) An order made under subsection (1) or an interim order made under subsection (3) may be revoked by the Commission by way of a directive if the Commission becomes satisfied that the circumstances that resulted in the making of the order no longer exist.
- (6) Where applications to subscribe for or purchase securities to which the prospectus or similar document relates has been made prior to an order under subsection (1) being made—
- (a) but before the securities have been issued to the applicants, the applications shall be deemed to have been withdrawn and cancelled and the issuer or such other person who receives the monies, shall, forthwith repay without interest all monies received from the applicants and if the money is not repaid within fourteen days of the order, the issuer shall be liable to repay the monies with interest as may be specified by the Commission from the expiration of that period; or
 - (b) where the securities have been allotted to the applicants, the allotment of securities shall be deemed to be void and the issuer or any other person shall forthwith repay without interest all monies received from the applicants and if such money is not repaid within fourteen days of the date of service of the order the issuer shall be liable to repay such monies with interest at the rate as may be specified by the Commission from the expiration of that period.
- (7) Provisions of this section shall not apply in respect of any issuer if any of the securities to which the prospectus or similar document relates have been issued or listed on an exchange and trading in them has commenced.
84. (1) A person holding securities in a company listed on an exchange shall buy, sell, gift or otherwise deal in such securities in compliance with the trading procedure adopted by such licensed exchange:
- Provided however, where no express trading procedure has been adopted by such exchange, the approval of the Commission shall be obtained.
- (2) A person as referred to in subsection (1) may gift any such securities to a relation otherwise than in compliance with such trading procedure, if he gives prior notice to the Commission and the licensed exchange, of the particulars relating to the proposed gift.

- (3) In this section “relation” means a parent, spouse, child including step children, brother or sister including step brother or step sister of that person or the spouse of a child of that person.
85. (1) Where it appears to the Commission from the disclosures made to the public that -
- (a) there exist circumstances that the business of a listed public company has been conducted—
 - (i) in a manner that contravenes the provisions of this Act, regulations, rules or directives made thereunder or rules of a market institution; or
 - (ii) in a manner, prejudicial to interest of investors;
 - (b) there exist circumstances that the company was listed for a fraudulent or unlawful purpose;
 - (c) there exist circumstances that the persons concerned with the listing of a company or the management of its affairs in relation to the listing have been guilty of fraud, wrongdoing or other misconduct; or
 - (d) there exist circumstances that the director or management of a listed public company have intentionally suppressed information with respect to the affairs of the company that is required to be provided under this Act, regulations, rules or directives made thereunder or as may reasonably be expected to be released to the public,
- the Commission may issue directives to the listed public company requiring such company to produce the documents, electronic records or other information specified in the directive at a specified time and place in order to conduct an inquiry or investigation into the matters specified in the preceding provisions.
- (2) The Commission may delegate its authority under subsection (1) to any person to require the submission of documents, electronic records or any other information for the purposes of subsection (1).
- (3) The Commission or an authorised person may also require the production of such documents and electronic records in relation to the listed public company which is the subject of an inquiry or investigation, from any person who is in possession of them.
- (4) Where such documents or electronic records referred to in subsections (1), (2) and (3) are produced, the Commission or the authorised officer shall require the listed public company—
- (a) to require that person or any other person who is a present or past officer of the listed public company or was at any time employed by the listed public company to provide an explanation of such documents and electronic records; and
 - (b) where the records and documents and electronic records are not produced as required, the person required to produce such records, documents or electronic records to give reasons for such failure; or
 - (c) where the documents and electronic records are not produced, the person required to produce them shall disclose its location to the best of his knowledge and belief.
- (5) Where any listed public company fails to comply with this section, the Commission shall issue a directive to the listed public company under section 86 of this Act.
86. Where the Commission after due inquiry or investigation determines that a listed public company has contravened or failed to comply with any provision of the Act, regulations, rules or directives made thereunder or has furnished the Commission with information that is false, inaccurate or misleading, the Commission may take any enforcement action provided under this Act as deemed appropriate.
87. (1) A person who furnishes information or cause information to be furnished to the Commission under this Act, regulations, rules or directives made thereunder shall exercise due care to ensure that the information is not false or misleading in any material particular.
- (2) A person who –
- (a) signs a document lodged with the Commission; or
 - (b) submits to the Commission a document by electronic means using any identification or other authentication method or procedure assigned to him by the Commission, shall exercise due care to ensure that the document is not false or misleading in a material particular.
- (3) A person who contravenes subsection (1) or (2) commits an offence under this Act.
88. A person with intent to deceive, makes or furnishes, or knowingly and willfully authorises or permits the making or furnishing

of any misleading statement or report to a market institution licensed under this Act in relation to any information that a listed public company is required to furnish under this Act, regulations, rules or directives made thereunder commits an offence under this Act.

89. (1) The board of directors of every listed public company shall ensure that the company and its directors comply with the rules and requirements of the exchange on which it is listed on a continuous basis as long as the company remains listed on such exchange.
- (2) The directors or chief executive officer of a listed public company shall comply with the fit and proper criteria specified by the Commission by rules or in the rules of an exchange approved by the Commission.
90. (1) If an auditor of a listed public company in the ordinary course of the performance of his duties, becomes aware of-
- (a) any contravention or non compliance with any requirement or provision of this Act, any regulation, rule or directive made thereunder or a breach of any rule of an exchange or any offence involving fraud or dishonesty; or
 - (b) any matter which may in his opinion adversely affects or is likely to adversely affect the financial position of the listed public company to a material extent; or
 - (c) any irregularity that has or may have a material effect upon the accounts of a listed public company including any irregularity that affects or jeopardizes or may affect or jeopardize the funds or property of any investor in securities, the auditor shall immediately report such matters referred to in paragraphs (a), (b) or (c) to the audit committee in writing for rectification and if no remedial measure is taken within two weeks thereof, refer such matters to the board of directors in writing to rectify such matters or deter the commission of a breach where it has not yet occurred.
- (2) If no action is taken under subsection (1) by the board of directors to rectify such matters referred to in paragraphs (a), (b) or (c) within two weeks, the auditor shall submit a written report on the matters immediately thereupon-
- (a) in the case of a contravention or non compliance with any requirement or provision of this Act, any regulation, rule or directive issued thereunder or an offence involving fraud or dishonesty, to the Commission; or
 - (b) in the case of a breach of or non compliance with any rules of an exchange, to the relevant exchange and the Commission.
- (3) No auditor shall be liable to be sued in any court for any report submitted by the auditor in good faith and in the performance of any duty imposed on the auditor under this section.
- (4) The Commission may at any time during or after an audit, require an auditor of a listed public company to-
- (a) submit such additional information in relation to his audit as the Commission may specify;
 - (b) enlarge or extend the scope of his audit of the business and affairs of the listed public company in such manner or to such extent as the Commission may specify;
 - (c) carry out any specific examination or establish any procedure in any particular case; or
 - (d) submit a report including an interim report on any matter referred to in paragraphs (a) to (c), and the Commission may specify the time within which such requirements shall be complied with by the auditor.
- (5) The auditor shall comply with any requirement of the Commission under subsection (4) and the listed public company shall remunerate the auditor at the rates specified by the Commission in respect of the discharge by him of all additional duties under this section.
- (6) The listed public company shall provide such information and access to such information as the auditor shall require in respect of the discharge by him of all of the additional duties under this section.
91. (1) A person shall not influence, coerce, mislead or authorise any person engaged in -
- (a) the preparation of the financial statements of a listed public company or any of its related companies; or
 - (b) the performance of an audit of the financial statements of a listed public company or any of its related companies, to do anything which he knows or could reasonably have known may cause the financial statements or audited financial statements to be false or misleading in a material particular.
- (2) Any person who contravenes subsection (1) commits an offence.

CHAPTER 2

MARKET INTERMEDIARIES

92. (1) A person shall not hold out as a market intermediary without obtaining a licence from the Commission.
- (2) Any person who contravenes subsection (1) commits an offence and shall on conviction after summary trial by a Magistrate be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.
93. (1) Any person who carries on business as a market intermediary shall hold a licence issued for that purpose by the Commission.
- (2) Any person who contravenes subsection (1) commits an offence and shall on conviction after summary trial by a Magistrate be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.
94. (1) An application for the purpose of a licence under this section or renewal of the licence under subsection (4) of this section shall be made to the Commission in such form together with such documents as may be specified by the Commission by way of rules accompanied by such fee as may be prescribed.
- (2) The Commission may require an applicant –
- to furnish further information in connection with an application as it may specify; and
 - to have any information submitted in support of an application verified at the cost of the applicant in such manner and by such persons as it may specify.
- (3) An application for renewal of a licence under this section shall be made three months prior to the expiry of the licence, accompanied by the renewal fee as may be prescribed.
- (4) Where an application for renewal of a licence is made after the expiry of the licence, the Commission may in addition to the renewal fee, impose a late fee not exceeding five per centum of the licensing fee as may be prescribed for each day of delay until the renewal is made.
- (5) The Commission may grant or renew a licence for the purposes of this Chapter, subject to such conditions or restrictions as it deems fit.
95. (1) Where an application is made for the grant or renewal of a licence to act as a market intermediary, the Commission may refuse the application on any of the following grounds:-
- the application was not made in accordance with this Chapter;
 - the applicant has failed to comply with any requirement of this Act, regulations and the rules made thereunder;
 - any information or document that is furnished by the applicant to the Commission is false or misleading or from which there is a material omission;
 - the applicant is in the course of being wound up or otherwise dissolved or is an undischarged bankrupt;
 - execution against the applicant in respect of a judgment debt has been returned unsatisfied in whole or in part;
 - a liquidator or receiver or manager or an equivalent person has been appointed within or outside Sri Lanka in respect of any property of the applicant;
 - the applicant has, whether within or outside Sri Lanka entered into a compromise or scheme of arrangement with its creditors, being a compromise or scheme of arrangement that is still in operation;
 - the applicant or any of its directors, chief executive officer, managers or controller–
 - has been convicted, whether within or outside Sri Lanka of an offence involving fraud or dishonesty or the conviction of which involved a finding that he acted fraudulently or dishonestly;
 - has been subjected to any administrative sanction under this Act;
 - has been convicted or has been compounded of an offence for which he has been charged under this Act or under the laws governing securities outside Sri Lanka;
 - has contravened any provision made under any law whether within or outside Sri Lanka enacted for protecting members of the public against financial loss, due to dishonesty, incompetence or malpractice by persons, concerned in the provision of financial services or the management of companies or against financial loss due to the conduct of discharged or undischarged bankrupts; or

- (v) is an undischarged bankrupt whether within or outside Sri Lanka;
 - (i) the Commission has reason to believe that the applicant or any of its directors, chief executive officer or controller may not be able to act in the best interest of its clients having regard to their reputation, character, financial integrity and reliability;
 - (j) the Commission is not satisfied as to the financial standing of the applicant or the manner in which the applicant's business is to be conducted;
 - (k) the Commission is not satisfied as to the record of past performance or expertise of the applicant, having regard to the nature of the business which the applicant may carry on in connection with the holding of the licence and there exists circumstances which are likely to -
 - (i) lead to the improper conduct of business by the applicant or by any of its directors, chief executive officer or controller; or
 - (ii) reflect discredit on the manner of conducting the business of the applicant; or
 - (l) the Commission is of the opinion that it would be contrary to the interests of the investors to grant or renew the licence.
- (2) The Commission shall not refuse to grant or renew a licence without giving the applicant an opportunity to be heard.
96. A market intermediary shall not carry on business for which it is licensed under this Chapter, without the written consent of the Commission if it does not meet the minimum financial requirements as may be specified by the Commission or as may be provided in the rules of an exchange.
97. (1) The Commission may specify by way of rules that a person who deals with clients for and on behalf of a market intermediary to register with the Commission and for that purpose such person shall be known as a "registered person".
- (2) For the purposes of seeking registration under subsection (1), a market intermediary shall submit an application to the Commission on behalf of that person referred to in subsection (1) (hereinafter referred to as the "applicant").
98. (1) An application for the purpose of registration or renewal of the registration as a registered person under section 97 shall be made to the Commission in such form accompanied by such documents as may be specified by the Commission by rules together with such fee as may be prescribed.
- (2) The Commission may require an applicant—
- (a) to furnish further information in connection with an application as it may specify; and
 - (b) to have any information submitted in support of an application verified at the cost of the applicant in such manner and by such persons as it may specify.
- (3) An application for renewal of registration under this section shall be made three months prior to the expiry of the registration.
- (4) Where an application for renewal of registration is made after the expiry of its registration, the Commission may in addition to the renewal fee impose a late fee not exceeding five *per centum* of the registration fee as may be prescribed for each day of delay until the renewal is made.
- (5) The Commission may grant or renew a registration for the purposes of this Chapter, subject to such conditions or restrictions as it thinks fit.
99. (1) Where an application is made for the grant or renewal of registration as a registered person under this Part, the Commission may refuse the application on any of the following grounds: —
- (a) the application was not made in accordance with section 98;
 - (b) the applicant has failed to comply with any requirement of section 98;
 - (c) any information or document that is furnished by the applicant to the Commission is false or misleading or from which there is a material omission;
 - (d) the applicant is an undischarged insolvent or an undischarged bankrupt whether within or outside Sri Lanka;
 - (e) execution against the applicant in respect of a judgment debt has been returned unsatisfied in whole or in part;
 - (f) the applicant has —
 - (i) been convicted, whether within or outside Sri Lanka of an offence involving fraud or dishonesty or of an offence the conviction for which involves a finding that he had acted fraudulently or dishonestly;
 - (ii) been subjected to any administrative sanction under this Act;

- (iii) been convicted or compounded in respect of an offence under this Act or under any laws governing securities outside Sri Lanka; or
 - (iv) contravened any provision made under any written law whether within or outside Sri Lanka appearing to the Commission to be enacted for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons, concerned in the provision of financial services or the management of companies or against financial loss due to the conduct of discharged or undischarged bankrupts;
 - (g) the Commission is not satisfied as to the educational or other qualification or experience of the applicant having regard to the nature of the duties to be performed for and on behalf of the market intermediary;
 - (h) the Commission has reason to believe that the applicant may not be able to act in the best interests of the clients of the market intermediary having regard to his reputation, character, financial integrity and reliability;
 - (i) the Commission is not satisfied as to the record of past performance or expertise of the applicant having regard to the nature of the duties to be performed for and on behalf of the market intermediary;
 - (j) the Commission has reason to believe that the applicant has not acted honestly or fairly; or
 - (k) the Commission is of the opinion that it would be contrary to the interests of investors to grant or renew the registration.
- (2) The Commission shall not refuse to grant or renew the registration without giving the applicant an opportunity of being heard.
100. The Commission may, at any time by notice in writing to a market intermediary and the registered person, vary any condition or restriction or impose such further condition or restriction as it considers necessary for the protection of investors.
101. (1) A licence that has been granted under this Part shall be valid for a period of twelve months from the date of issue of the licence.
- (2) A licence that has been renewed under this Part shall continue to be in force for a further period of twelve months or such later date as may be specified by the Commission commencing on the date upon which it would have expired but for its renewal.
- (3) Where a licence is renewed for a period of more than twelve months, in terms of subsection (2), the market intermediary shall pay to the Commission the prescribed licence fee.
- (4) The provisions of subsections (1) to (3) of this section shall, *mutatis mutandis*, apply to, and in relation to the duration of the registration granted to a registered person under this Part.
102. (1) A person shall not, in connection with an application submitted to the Commission under this Part –
- (a) make or procure the making of a statement to the Commission which he knows or could reasonably be expected to know is false or misleading; or
 - (b) omit to state any matter to the Commission where he knows or could reasonably be expected to know that because of the omission, the statement is misleading in a material respect.
- (2) Any person who contravenes subsection (1) commits an offence.
103. (1) Where a market intermediary proposes to alter material particulars already furnished or undergoes or intends to alter the particulars specified in the application for a licence or the renewal of a licence, it shall be the duty of such market intermediary to inform the Commission and obtain its prior consent before such alteration or change is effected.
- (2) Where a registered person proposes to alter any particulars already furnished or intends to change or alter the status specified in the application for registration or renewal of a registration as a registered person, it shall be the duty of such registered person and the market intermediary for whom the registered person is acting for or employed, to forthwith inform the Commission of such alteration or change.
104. A person shall not act as an agent in carrying on the business of a licensed market intermediary or hold himself out as doing so unless he is duly authorised by the Commission or a person authorised by the Commission to carry on such activity.
105. (1) The Commission shall, cancel or suspend a licence granted to a market intermediary under this Part, where the Commission is satisfied that–
- (a) there exists any ground on which the Commission may refuse an application for a licence;
 - (b) the market intermediary has contravened any condition or restriction in respect of its licence or any directive issued to him by the Commission under this Act; or

- (c) the market intermediary has contravened any provision of this Act or any rule binding upon him as the case may be.
 - (2) Before the cancellation or suspension of a licence granted to a market intermediary in terms of subsection (1) of this section, the market intermediary shall be given an opportunity of being heard.
 - (3) Where the licence granted to a market intermediary is cancelled, it shall be the duty of the market intermediary to forthwith surrender its licence to the Commission.
 - (4) The cancellation of a licence by the Commission under subsection (1) shall not affect or prejudice the institution or maintenance of any action against such market intermediary under this Act.
 - (5) The Commission shall have the power to suspend or cancel the registration granted to a registered person under this Part –
 - (a) if it transpires that there exists any ground that would disentitle him to registration;
 - (b) if the registered person has contravened any condition or restriction in respect of its registration or any directive issued to him by the Commission under this Act; or
 - (c) if the registered person has contravened any provision of this Act or any of the rule which are binding on him as the case may be.
 - (6) The provisions of subsections (2) to (4) of this section shall, *mutatis mutandis*, apply to, and in relation to, any suspension or cancellation as the case may be, of a registration granted to a registered person under this Part.
106. A market intermediary or registered person shall not –
- (a) trade in or otherwise deal in securities outside the exchange of which he is a trading participant without the prior approval of the Commission;
 - (b) trade in securities in contravention of such rules of the Commission or the rules of a market institution;
 - (c) effect any transaction in a margin account in a manner contrary to the requirements set out by the market institution of which he is a trading participant; or
 - (d) effect any transaction by means of any manipulative, deceptive or other fraudulent device or contrivance in order to induce or attempt to induce the purchase or sale of any securities.
107. A market intermediary shall not lend or arrange for lending of any securities carried for the account of any client without the client's written consent or borrow or arrange to borrow, using the securities carried for the account of any client as collateral without the client's written consent.
108. (1) If an auditor of a market intermediary, in the ordinary course of the performance of his duties as an auditor, is of the opinion that there has been a breach of or non compliance with any provision of this Act, regulations, rules or directives made thereunder or a breach of any rule of a market institution or any matter which may adversely affect the financial position of the market intermediary to a material extent, the auditor shall immediately submit a written report to the board of directors on the matter with a copy to–
- (a) in the case of a contravention or non compliance with any provision of this Act, regulation, rule or directive made thereunder or any offence involving fraud or dishonesty, to the Commission;
 - (b) in the case of a breach or non compliance of any of the rules of a market institution, to the relevant market institution and to the Commission; or
 - (c) in any other case, which adversely affects the financial position of the market intermediary to a material extent, to the relevant market institution and to the Commission.
- (2) No auditor shall be liable to be sued in any court for any report submitted by the auditor in good faith and in the performance of any duty imposed on the auditor under this section.
- (3) The Commission may at any time during or after an audit, require an auditor of a market intermediary to–
- (a) submit such additional information in relation to his audit as the Commission may specify;
 - (b) enlarge or extend the scope of his audit of the business and affairs of the market intermediary in such manner or to such extent as the Commission may require;
 - (c) carry out any specific examination or establish any procedure in any particular case; or
 - (d) submit a report or an interim report as the case may be on any matter referred to in paragraphs (a) to (c), and the Commission may specify the time within which such requirements shall be complied with by the auditor.

- (4) The auditor shall comply with any requirement of the Commission under subsection (3) and the market intermediary shall remunerate the auditor at the rates specified by the Commission in respect of the discharge by him of all additional duties under this section.
- (5) The market intermediary shall provide such information and access to such information as the auditor shall require in respect of the discharge by him of all of the additional duties under this section.

CHAPTER 3

PROTECTION OF CLIENTS' ASSETS

109. For the purposes of this Chapter, unless the context otherwise requires—

“client” in relation to a market intermediary means a person on behalf of whom the market intermediary trades or from whom the market intermediary accepts instructions to deal in securities;

“money or other assets” means money received or retained by, or any other asset deposited with a market intermediary in the course of its business for which it is liable to account to its client, and any money or other assets accruing therefrom.

110. (1) A market intermediary shall, to the extent that it receives money or other assets from or on account of a client—
 - (a) do so on the basis that the money or other assets shall be applied solely for such purpose as may be agreed to by the client when or before it receives the money or other assets;
 - (b) shall hold money and other assets received on account of a client in trust for the benefit of such client;
 - (c) shall not commingle money received on account of a client with its own funds or use such money as margin or guarantee for, or to secure any transaction of or to extend credit of any person other than the client; and
 - (d) record and maintain a separate book entry for each client in accordance with the provisions of this Part or any rules that may be specified under subsection (2) in relation to that client's money or other assets.
- (2) The Commission may, make rules in respect of all or any of the matters in subsection (1), including the handling of money or other assets by a market intermediary.
- (3) Except as otherwise provided in this section or the rules made under subsection (2), all money or other assets received from or on account of clients or deposited with a market intermediary—
 - (a) shall not be available for payment of debts of the market intermediary; and
 - (b) shall not be liable to be paid or taken in execution under an order or a process of any court in respect of any liability of that market intermediary.
- (4) Any market intermediary who, contravenes subsection (1), subsection (3) or any rule made under subsection (2), shall commit an offence.
111. (1) The Commission may make rules regulating the business conduct of a market intermediary or a registered person as the Commission considers necessary in the interest of client protection and for the purpose of raising professional standards of a market intermediary and a registered person.
- (2) Any person who contravenes the rules made under subsection (1) commits an offence.
112. (1) A market intermediary or a registered person shall not make a recommendation with respect to any securities to a client where such client may reasonably be expected to rely on the recommendation, if the market intermediary or registered person does not have a reasonable basis for making the recommendation to the client.
- (2) For the purposes of subsection (1), a market intermediary or registered person does not have a reasonable basis for making a recommendation to a client unless—
 - (a) he has, for the purposes of ascertaining that the recommendation is appropriate, having regard to the information possessed by him concerning the investment objectives, financial situation and particular needs of the client, given such consideration to, and conducted such analysis or investigation of the subject matter of the recommendation as is reasonable in all the circumstances; and
 - (b) he has based the recommendation on the consideration, analysis or investigation referred to in paragraph (a).
113. (1) Where a market intermediary or a registered person sends a circular or other similar written communication in which he makes a recommendation, with respect to any securities, he shall include in the circular or other written communication in

print not less legible than that used in the remainder of the circular or other written communication, a concise statement of the nature of any interest in the securities, or any interest in the acquisition or disposal of the securities that he or a person associated with or connected to him, has at the date on which the circular or other communication is sent.

- (2) Where a market intermediary or registered person is charged with an offence in respect of a contravention of subsection (1), it shall be a defence for the market intermediary or registered person to prove that at the time the circular or other communication was sent, he was not aware and could not reasonably be expected to have been aware —
 - (a) that he had an interest in the securities, or an interest in the acquisition or disposal of the securities; or
 - (b) that the person associated with or connected to him had an interest in the securities, or an interest in the acquisition or disposal of the securities as the case may be.
- (3) For the purposes of subsections (1) and (2) -
 - (a) an interest of a person in the acquisition or disposal of any securities includes any financial benefit or advantage that will or is likely to accrue directly or indirectly to the person upon or arising out of the acquisition or disposal of the securities;
 - (b) without limiting the generality of paragraph (a), a person who has entered into an underwriting agreement in respect of any securities shall be deemed to have an interest in the acquisition or disposal of the securities; and
 - (c) notwithstanding subsection (1) or paragraph (b) of subsection (2), a person is not connected to or associated with another person unless the person and the other person are acting jointly or otherwise acting under or in accordance with an arrangement made between them, in relation to the sending of the circular or other communication.
- (4) When a market intermediary sends to a person a circular or other written communication to which subsection (1) applies, the market intermediary shall preserve a copy of the circular or other written communication for six years from the date on which the circular or other written communication is sent.
- (5) For the purposes of this section, a circular or other written communication sent to a person shall, if it is signed by an officer of a market intermediary, be deemed to have been sent by the market intermediary.
- (6) Any person who contravenes this section commits an offence under this Act.

114. A market intermediary shall establish and maintain procedures and processes for the purpose of monitoring compliance by such market intermediary and its employees, with the provisions of the Act, regulations, rules or directives made thereunder which will enable the market intermediary to monitor risk to its business.

115. (1) The Commission shall keep in such form and manner as it may determine, a register of market intermediaries and registered persons which shall be made available for public inspection in such manner as the Commission may determine.
- (2) The register shall be in electronic form and the Commission shall update the register at all times.
- (3) The register for the market intermediary and the registered person shall contain –
 - (a) the name of the market intermediary or the registered person;
 - (b) the business address of the market intermediary or the registered person;
 - (c) the type of licence held by the market intermediary or the type of registration held by the registered person;
 - (d) the date the licence was granted to the market intermediary or the date the registration was granted to the registered person;
 - (e) the names of registered persons acting for or employed by the market intermediary; and
 - (f) any other matter that the Commission considers appropriate.
- (4) The Commission may make necessary amendments in the register with respect to a market intermediary or a registered person where the licence held by the market intermediary is cancelled or suspended or where the registration held by the registered person is cancelled or suspended under this Act.

PART IV

TRADE IN UNLISTED SECURITIES

116. The object and purpose of this Part shall be –

- (a) to provide a platform through a recognised market operator for sale and purchase of unlisted securities in Sri Lanka to local and overseas investors in a transparent manner; and

- (b) to facilitate the disclosure of information relating to unlisted securities to local and overseas investors through a recognised market operator in a transparent manner.

CHAPTER 1

ESTABLISHMENT OF A RECOGNISED MARKET OPERATOR

117. A person shall not act as a market operator under this Part unless such person is registered with the Commission or exempted from such registration by the Commission.
118. (1) For the purposes of section 117, the Commission may upon application made by a person, register the person as a recognised market operator or exempt from such registration subject to any terms and conditions as the Commission considers necessary.
- (2) The Commission may exempt a market operator from registration under section 117 having regard to the criteria specified under section 119 subject to such terms and conditions as may be specified by the Commission.
 - (3) The Commission may, from time to time, vary, amend or revoke any terms and conditions imposed under subsection (1).
 - (4) The Commission may notwithstanding the exemption granted under subsection (2), withdraw such exemption and may require such person to be registered if the Commission deems it necessary in the interests of investors.
119. (1) An application to be registered as a recognised market operator shall be accompanied by such documents and information and in such form as the Commission may specify by rules.
- (2) An application by such person for registration under this section shall provide documents to prove that such person has experience in trades executed on a platform to the satisfaction of the Commission.
 - (3) An application by such person for registration under this Chapter shall provide documents to prove that the arrangements are made by such platform for the clearance and settlement of the trades executed on the platform to the satisfaction of the Commission.

CHAPTER 2

ROLE OF A RECOGNISED MARKET OPERATOR

120. The functions and duties of a recognised market operator shall be-
- (a) to provide a platform for the sale and purchase of unlisted securities in Sri Lanka;
 - (b) to provide information relating to unlisted securities in Sri Lanka to the local and international financial community;
 - (c) to provide criteria for admission and regulatory standards of its trading members;
 - (d) to comply with any directive issued by the Commission, whether of a general or specific nature; and
 - (e) to provide such assistance to the Commission, or to a person acting on behalf of or with the authority of the Commission, as the Commission or such person reasonably requires.
121. Any person buying and selling securities on a platform shall execute their orders through trading members admitted by the platform.
122. The Commission may make rules or require the market operator to make rules subject to the approval of the Commission -
- (a) to determine the type of unlisted securities that can be traded on a platform;
 - (b) to determine the type of issuers who can report trades to a platform;
 - (c) to determine the type of investors that may trade on the platform;
 - (d) to determine the type of trading members that may trade on the platform;
 - (e) for the admission of trading members on the platform;
 - (f) to determine the level of disclosures required to be made by the platform; and
 - (g) to determine the standard of business conduct in the sale or purchase of unlisted securities.
123. (1) Subject to subsection (3), where the Commission is satisfied that it is appropriate to do so in the interest of the investors or for the maintenance of an orderly and fair market, the Commission may, by notice in writing, cancel the registration of a recognised market operator with effect from a date that is specified in the notice.
- (2) The grounds for the cancellation of the registration shall be stated in the notice referred to in subsection (1).

- (3) Notwithstanding the cancellation under subsection (1), the Commission may permit the person to continue on or after the date on which the cancellation is to take effect, to carry on such activities affected by the cancellation as the Commission may specify in the notice for the purpose of –
 - (a) closing down the operations of the recognised market operator to which the cancellation relates; or
 - (b) protecting the interest of the investors.
 - (4) Where the Commission has granted permission to a person under subsection (3), such person shall not, by reason of its carrying on the activities in accordance with the permission, be regarded as having contravened any provision of this Act.
 - (5) The Commission shall not exercise its power under subsection (1) in relation to a recognised market operator unless it has given the recognised market operator an opportunity of being heard.
 - (6) Any cancellation of registration made under this section shall not operate so as to –
 - (a) avoid or affect any agreement, transaction or arrangement entered into by the recognised market operator whether the agreement, transaction or arrangement was entered into before or where subsection (3) applies, after the cancellation of the registration under subsection (1); or
 - (b) affect any right, obligation or liability arising under such agreement, transaction or arrangement.
124. (1) The Commission may from time to time review the performance of a recognised market operator under this Part.
- (2) The Commission may have regard to the following when reviewing the status of the recognised market operator:-
- (a) the systemic risk inherent in a platform;
 - (b) the public interest;
 - (c) the size and structure of the platform;
 - (d) the class of unlisted securities traded on the platform; and
 - (e) the nature of the investors and the participants using the platform.
- (3) The Commission shall not exercise its powers under subsection (1) without giving the recognised market operator an opportunity of being heard.
125. The rules relating to unlisted securities applicable to such trading platform made by the Commission or the recognised market operator under this Part shall prevail over any other rules relating to unlisted securities.

PART V

MARKET MISCONDUCT

126. The object and purpose of this Part shall be to facilitate for the deterrence and the taking of enforcement action against –
- (a) all types of market manipulation including false trading, market rigging and securities fraud; and
 - (b) insider trading, with a view to establishing a fair, orderly and transparent securities market.
127. This Part shall apply unless specified otherwise therein-
- (a) in respect of securities-
 - (i) to acts or omissions occurring within Sri Lanka in relation to securities of any listed public company or any unlisted company that has made a public offer of securities in accordance with section 80 which is established or is carrying on business within or outside Sri Lanka;
 - (ii) to acts or omissions occurring outside Sri Lanka in relation to securities of any listed public company or any unlisted company that has made a public offer of securities in accordance with section 80 which is established or is carrying on business within Sri Lanka;
 - (iii) to acts or omissions occurring in relation to any securities issued by any Government outside Sri Lanka which are traded using the facilities of an exchange licensed by the Commission; or
 - (iv) to acts or omissions occurring in relation to securities traded on a platform operated by a recognised market operator; and
 - (b) in respect of derivatives-

- (i) to acts occurring within Sri Lanka in relation to derivatives, traded on an exchange licensed by the Commission; and
- (ii) to acts occurring outside Sri Lanka in relation to derivatives traded on an exchange licensed by the Commission.

CHAPTER 1

PROHIBITED CONDUCT

128. (1) A person shall not create or cause the creation of or do anything that is intended to create –
- (a) a false or misleading appearance of active trading of securities traded on an exchange licensed by the Commission or a platform operated by a recognised market operator; or
 - (b) a false or misleading appearance with respect to the market for or the price of any such securities referred to in paragraph (a).
- (2) A person shall not maintain, inflate or depress or cause inflation in the market price for any such securities –
- (a) by means of any purchase or sale of any security that does not involve a change in the beneficial ownership of those securities; or
 - (b) by means of any fictitious transaction or device.
- (3) Without prejudice to the generality of subsection (1), a person who –
- (a) effects, takes part in, is concerned in or carries out, either directly or indirectly, any transaction of sale or purchase of any securities, being a transaction that does not involve any change in the beneficial ownership of the securities; or
 - (b) makes or causes to be made an offer to buy or sell such number of securities at a specified price where he has colluded with another or caused such collusion to be made with another or knows that a person associated with him has made with him or caused to be made with him an offer to purchase the same number or substantially the same number, of the same securities at a price that is substantially the same as the first mentioned price, shall be deemed to have created a false or misleading appearance of active trading in such securities.
- (4) In dealing with a contravention of subsection (1) it shall be a defence if the person establishes that the purpose or purposes for which he purchased or sold the securities was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for or the price of such securities.
- (5) For the purposes of subsection (3), it is a defence for a person to establish that–
- (a) the purpose for which he did the act was not or did not include, the purpose of creating a false or misleading appearance of active trading on an exchange or a platform operated by a recognised market operator; and
 - (b) he did not act recklessly, whether or not he created a false or misleading appearance of active trading on an exchange or a platform operated by a recognised market operator.
- (6) For the purposes of this section, a purchase or sale of securities does not involve a change in the beneficial ownership, if a person or a person associated with such person had an interest in such securities before the purchase or sale and continues to have an interest in such securities after the purchase or sale.
- (7) The reference in paragraph (a) of subsection (3) to a transaction of sale or purchase of securities includes –
- (a) the making of an offer to sell or purchase securities; and
 - (b) the making of an invitation, that expressly or impliedly invites a person to offer to sell or purchase securities.
129. (1) A person shall not carry out or be involved in carrying out, either directly or indirectly, one or more transactions in securities of a company being transactions that have or are likely to have the effect of artificially–
- (a) raising;
 - (b) lowering; or
 - (c) pegging, fixing, maintaining or stabilizing, the price or volume of securities of that company traded on an exchange licensed by the Commission or a platform operated by a recognised market operator, for the purpose of inducing other persons whether or not such person is actually induced to acquire or dispose of the securities of the company or of a related company.
- (2) A reference in this section to a transaction in relation to securities of a company traded on an exchange licensed by the Commission or a platform operated by a recognised market operator includes–

- (a) the making of an offer to sell or purchase such securities of the company; and
 - (b) the making of an invitation, that expressly or impliedly invites a person to offer to sell or purchase such securities of the company.
130. A person shall not make a statement, or disseminate information that is false or misleading in a material particular and which is likely to have the effect of raising, lowering, maintaining or stabilizing the market price or volume of securities traded on an exchange licensed by the Commission or a platform operated by a recognised market operator,-
- (a) without taking reasonable care to check the accuracy of the statement or information; or
 - (b) if he knows or could reasonably be expected to have known that the statement or information is false or misleading in a material particular.
131. (1) A person shall not induce or attempt to induce another person to trade in securities traded on an exchange licensed by the Commission or a platform operated by a recognised market operator, -
- (a) by making or publishing any statement or by making any forecast that he knows to be misleading, false or deceptive;
 - (b) by any dishonest concealment of material facts;
 - (c) by the reckless making or publishing, dishonestly or otherwise of any statement or forecast that is misleading, false or deceptive; or
 - (d) by recording or storing in, or by means of, any mechanical, electronic or other device, information that he knows to be false or misleading in a material particular.
- (2) For the purposes of paragraph (d) of subsection (1), it shall be a defence if the person referred to therein establishes that when the information was recorded or stored, that such person had no reasonable grounds for believing that the information would be available to any other person.
132. A person shall not directly or indirectly in connection with the subscription, purchase or sale of any securities traded on an exchange licensed by the Commission or a platform operated by a recognised market operator, -
- (a) use any device, scheme or artifice to defraud;
 - (b) engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person; or
 - (c) make any false statement of a material fact or omit to disclose in a statement a material fact which results in making such statement false or misleading.

CHAPTER 2

INSIDER TRADING

133. In this Chapter unless otherwise provided,
- “information” includes –
- (a) information relating to listed public companies that are not sufficiently definite to warrant being made known to the public;
 - (b) matters relating to the intended decisions, of a person;
 - (c) matters relating to negotiations or proposals with respect to –
 - (i) commercial dealings; or
 - (ii) dealings in securities;
 - (d) information relating to the financial performance of a company;
 - (e) information that a person proposes to enter into or has entered into one or more transactions or agreements in relation to securities or has prepared or proposes to issue a statement relating to such securities; and
 - (f) matters related to the listed public company that have been decided to be executed in the future.
134. (1) In this Chapter, information generally available means information-
- (a) that has been published or made known in a manner that would or would tend to bring it to the attention of a reasonable person who invests or trades in securities of a kind whose price or value might be affected by such information; and
 - (b) which since it was made known a reasonable period for it to be disseminated among such persons has lapsed.

- (2) The information referred to in subsection (1) includes information that consists of deductions or conclusions made or drawn from such information.
135. For the purpose of this Chapter, information which has a material effect on the price or value of securities means such information which would or would tend to, on becoming generally available influence a reasonable person who invests in securities in deciding whether or not to acquire or dispose of such securities or enter into an agreement with a view to acquire or dispose of such securities.
136. For the purposes of section 137, a person is deemed to procure an act or omission to be done or omitted to be done by another person if the first named person incites, counsels, induces, encourages or directs the said act or omission by such other person.
137. (1) For the purpose of this Part, an ‘insider’ means a person, whether or not such person is connected to the respective company, if that person—
- (a) possesses information that is not generally available which on becoming generally available a reasonable person would expect it to have a material effect on the price or the value of securities; and
 - (b) knows or could reasonably be expected to know that the information is not generally available.
- (2) An insider shall not whether as principal or agent in respect of any securities to which the information in subsection (1) relates -
- (a) sell or buy or enter into an agreement or transaction for the sale or purchase of such securities; or
 - (b) procure directly or indirectly, an acquisition or disposal of or enter into an agreement or transaction with a view to the acquisition or disposal of such securities.
- (3) Where trading in the securities to which the information in subsection (1) relates is permitted on a securities market of an exchange or a platform operated by a recognised market operator, the insider shall not directly or indirectly, communicate the information referred to in subsection (1) or cause such information to be communicated to another person, if the insider knows or could reasonably be expected to know that the other person would or would tend to -
- (a) acquire, dispose of or enter into an agreement with a view to the acquisition or disposal of any securities to which the information referred to in subsection (1) relates; or
 - (b) procure or direct a third person to acquire, dispose of or enter into an agreement with a view to the acquisition or disposal of any securities to which the information referred to in subsection (1) relates.
138. (1) In this Chapter, a company is deemed to possess any information-
- (a) which an officer of the company-
 - (i) possesses and which came into his possession in the course of his duties as an officer of the company; or
 - (ii) knows or could reasonably be expected to know because he is an officer of the company;
 - (b) which an officer of the company possesses and which came into his possession in the course of his duties as an officer of a related company of the first mentioned company where-
 - (i) the officer is an insider by reason of being in possession of the information;
 - (ii) the officer is involved in the decision, transaction or agreement of the first mentioned company in acquiring or disposing of securities in relation to which the officer is an insider or entering into an agreement to acquire or dispose of such securities, procuring another person to acquire or dispose of such securities or enter into an agreement to do so or communicating the information in circumstances referred to in subsections (2) and (3) of section 137; or
 - (iii) it is reasonable to expect that the officer would communicate the information to another officer of the first mentioned company acting in his capacity as such unless it is proved that the information was not in fact so communicated.
- (2) In this section “information” refers to information which a company is deemed to possess and “insider” means a person in possession of such information.
- (3) It shall be a defense for a company accused of contravening subsections (2) or (3) of section 137 by entering into a transaction or agreement if the company proves that-
- (a) the decision to enter into the transaction or agreement was taken on behalf of the company by a person or persons other than an officer of the company in possession of the information;

- (b) the company had in operation at that time arrangements that could reasonably be expected to ensure that-
 - (i) the information was not communicated to a person or one of the persons who was involved in or made the decision to enter into or be involved in the transaction or agreement;
 - (ii) no advice with respect to the decision to enter into or be involved in the transaction or agreement was given to that person by the person in possession of the information; or
 - (iii) the person in possession of the information would not be involved in the decision to enter into or be involved in the transaction or agreement; and
 - (c) the information was not communicated, no such advice was given and the person in possession of the information was not involved in the decision to enter into or be involved in the transaction or agreement.
139. (1) In this Chapter, a partner of a partnership is deemed to possess any information –
- (a) if a partner possesses information and it came into another partner’s possession in his capacity as a partner of the partnership;
 - (b) if an employee of the partnership possesses such information and it came into the employee’s possession in the course of his duties; or
 - (c) if a partner or an employee of a partnership knows or could reasonably be expected to know any matter or thing because of another partner or employee who knows or possess the information, it is presumed, unless the contrary is proved that every partner of the partnership knows or could reasonably be expected to know that matter or thing.
- (2) It shall be a defense for a partnership which is accused of entering into a transaction in contravention of subsection (2) or (3) of section 137 to prove that -
- (a) the decision to enter into the transaction or agreement was taken on behalf of the partnership by -
 - (i) a partner who was not in possession of the information; or
 - (ii) an employee of the partnership who was not in possession of the information;
 - (b) the partnership had in existence at that time agreements that could reasonably be expected to ensure that-
 - (i) the information was not communicated to the partner or employee who was or were involved in or made to enter into the transaction or agreement in question;
 - (ii) no advice with respect to the decision to enter into the transaction or agreement was tendered to that partner or employee by a partner or an employee who was in possession of the information; or
 - (iii) the partner or employee in possession of the information would not be involved in the decision to enter into or be involved in the transaction or agreement; and
 - (c) the information was not communicated, no advice was given and the partner or employee in possession of the information was not involved in the decision to enter into or be involved in the transaction or agreement.
- (3) A partner of a partnership does not contravene subsection (2) of section 137 by entering into the transaction or agreement referred to in that subsection otherwise than on behalf of the partnership merely because the partner is deemed to possess information that is in possession of another partner or employee of the partnership.
- (4) In this section “information” refers to information which a partnership is deemed to possess and where a partner or an employee of the partnership in possession of that information is an insider.
140. (1) Subsection (2) of section 137 shall not apply in respect of –
- (a) the entering into of an underwriting agreement or a sub underwriting agreement; or
 - (b) the acquisition of securities under an obligation to do so in an agreement referred to in paragraph (a).
- (2) Subsection (3) of section 137 shall not apply in respect of the communication of information in relation to securities to a person solely for the purpose of procuring the person–
- (a) to enter into an underwriting agreement or a sub underwriting agreement in relation to such securities; or
 - (b) to acquire such securities under an obligation to do so in an agreement referred to in paragraph (a).
141. (1) Section 137 shall not apply to an acquisition or disposal of securities or the communication of information that is carried out under any other written law relating to schemes of arrangement, reconstruction and takeover of companies.

- (2) Subsection (2) of section 137 shall not apply to a clearing house which acquires or disposes of securities for the purpose of settlement of a market contract or in relation to any proceedings or other action relating to the settlement of a market contract where the acquisition or disposal of securities is made in accordance with the rules of a licensed clearing house.
- (3) Subsection (2) of section 137 shall not apply to an exchange or a central depository in relation to a sale or purchase of securities where the exchange or central depository acts on an instruction from a licensed clearing house.
142. (1) A company does not contravene subsection (2) of section 137 by entering into a transaction or an agreement in relation to securities other than the securities of such company merely because the company is aware that it proposes to enter into or has previously entered into one or more transactions or agreements in relation to those securities.
- (2) Subject to subsection (3), a company does not contravene subsection (2) of section 137 by entering into a transaction or an agreement in relation to securities other than the securities of such company because an officer of the company is aware that it proposes to enter into or has previously entered into one or more transactions or agreements in relation to those securities.
- (3) Subsection (2) shall not apply unless the officer of the company becomes aware of the matter referred to in that subsection in the course of his duties.
- (4) Subject to subsection (5) a person does not contravene subsection (2) of section 137 by entering into a transaction or an agreement on behalf of a company in relation to securities other than the securities of such company merely because the person is aware that the company proposes to enter into or has previously entered into one or more transactions or agreements in relation to those securities.
- (5) Subsection (4) shall not apply unless the person becomes aware of the matters referred to that subsection in the course of his duties as an officer of the first mentioned company or in the course of acting as an agent of the first mentioned company.
143. An individual does not contravene subsection (2) of section 137 by entering into a transaction or an agreement in relation to securities merely because he is aware that he proposes to enter into or has previously entered into one or more transactions or agreements in relation to those securities.
144. (1) A market intermediary who carries on the business of buying and selling of securities on behalf of investors or its representative shall not contravene subsection (2) of section 137 by entering into a transaction or an agreement as an agent for another person, being a transaction or an agreement entered into on the securities market of an exchange if –
- the transaction or agreement is entered into under a specific instruction by the other person and was not solicited by a market intermediary or its representative carrying on the business of buying and selling of securities;
 - the market intermediary carrying on the business of buying and selling of securities or its representative has not given any advice to the other person in relation to the transaction or agreement or otherwise sought to procure the other person's instructions to enter into the transaction or agreement; and
 - the other person is not associated with the market intermediary or its representatives carrying on the business of buying and selling of securities.
- (2) Nothing in this section shall affect the responsibility of the market intermediary in relation to subsection (1) of this section with respect to the business of buying and selling of securities in his capacity as the principal.
145. Subsection (2) of section 137 shall not apply in respect of the redemption by a trustee under a trust deed relating to a collective investment scheme in accordance with a buyback covenant contained or deemed to be contained in the trust deed at a price that is required by the trust deed to be calculated, so far as is reasonably practicable, by reference to the underlying value of the assets less any liabilities of the collective investment scheme to which the units of the collective investment scheme relates and less any reasonable charge for purchasing the units of the collective investment scheme.
146. (1) A person does not contravene subsection (2) of section 137 if-
- the other party to the transaction or agreement knew, or could reasonably have known, of the information before entering into the transaction or agreement; and
 - that person acquires or disposes of such securities on such terms and in such circumstances, that –
 - he does not obtain any gain or avoid any loss, including an unrealized gain or unrealized avoidance of loss in price or value of the securities, as the case may be, for himself or any other person by reason of the effect that the information is likely to have when it becomes generally available; and

- (ii) the purpose of the acquisition or disposal of the securities does not include any purpose of securing a gain or avoiding a loss, as the case may be, for himself or any other person by reason of the effect that the information is likely to have when it becomes generally available.
- (2) It shall be a defense for a person accused of a contravention of subsection (3) of section 137 to prove -
 - (a) that the information came into the possession of the person so communicating the information solely as a result of it being made known in a manner likely to make it generally available pursuant to section 134; or
 - (b) that the other party knew or could reasonably be expected to have known the information before the information was communicated.
- 147. (1) A person who contravenes sections 128, 129, 130, 131, 132 or subsections (2) and (3) of section 137 commits an offence and shall be liable on conviction to a fine of not less than ten million rupees or to imprisonment for a term not exceeding ten years or to both such fine and imprisonment.
- (2) Any person who abets or conspires to commit an offence under subsection (1), commits an offence and shall be punishable in the same manner as provided for in subsection
- 148. Every offence committed under this Part shall be triable upon indictment by the High Court.
- 149. Every prosecution in respect of an offence under this Part shall be instituted and conducted by the Attorney General.
- 150. In a prosecution or in an action made by the Commission under section 152 against any person for an offence under section 137, it is not necessary for the prosecution or the Commission to prove the non-existence of facts or circumstances which, if existed would by virtue of sections 138, 139, 140, 141, 142, 143, 144, 145 and 146 preclude the act from constituting a contravention of subsections (2) and (3) of section 137.
- 151. (1) A person who suffers loss or damage by reason of or by relying on the conduct of another person who has contravened sections 128, 129, 130, 131, 132 or subsections (2) and (3) of section 137 under this Part may recover the amount of loss or damage by instituting an action in the court against the other person whether or not the other person has been charged with an offence in respect of the contravention or whether or not a contravention has been proved in a prosecution.
- (2) This section shall not affect any liability under any other law in respect of the conduct constituting the contravention.
- 152. (1) Whenever it appears to the Commission that any person has contravened sections 128, 129, 130, 131, 132 or subsections (2) and (3) of section 137 and where the Commission considers it necessary having taken into consideration the nature and manner of the contravention, the impact it has on the market and the extent of the loss caused to any investor, the Commission may institute Civil Proceedings in the court against that person.
- (2) In a proceeding instituted by the Commission under subsection (1), the court may if it is satisfied on a balance of probabilities, that the person has contravened the provisions of sections 128, 129, 130, 131, 132 or subsections (2) and (3) of section 137, make an order against that person-
 - (a) to pay to the Commission an amount equal to three times the gross amount of the pecuniary gain made or loss avoided by such person; and
 - (b) for the payment of a civil penalty as the court considers appropriate having regard to the severity or gravity of the contravention, being an amount not less than ten million rupees and not exceeding one hundred million rupees.
- (3) Notwithstanding anything to the contrary in any other written law, the court shall exercise jurisdiction in respect of the matters set out in subsection (2), and proceedings under subsection (2) shall be instituted by way of a plaint filed by the Commission and the provisions contained in the Civil Procedure Code (Chapter 101) shall apply *mutatis mutandis* regarding regular actions instituted by way of a plaint.
- (4) Nothing in this section shall be construed to prevent the Commission from entering into an agreement with any person to pay with or without admission of liability an amount equal to three times the gross amount of the pecuniary gain made or the loss avoided by such person as determined by the Commission.
- (5) An amount recovered by the Commission in an action under subsection (1) or in terms of the agreement referred to in subsection (4), each one third of that amount shall be -
 - (a) applied to reimburse the Commission for all costs of the investigation and proceedings in respect of the contravention;
 - (b) applied to compensate persons who have suffered loss or damage as a result of the contravention; and

(c) credited to the Compensation Fund:

Provided that, if the Commission considers that it is not practicable to compensate the persons referred to in paragraph (b) in view of the amount of any potential distribution to each person or the difficulty of ascertaining or notifying the persons to whom it is appropriate to compensate, as the case may be, the Commission may decide not to distribute to the persons referred to in paragraph (b) and credit such sums to the Compensation Fund of the Commission.

(6) If the person fails to pay the civil penalty imposed on him within the time specified in the order made by the court referred to in subsection (2) or the sum to be paid in terms of the agreement as referred to in subsection (4), the Commission may recover the civil penalty or such sum as the case may be, as if it were a judgment debt owing to the Commission.

153. An action under section 152 shall not be commenced after the expiration of six years from the date of the contravention of any of the provisions in this Part.

PART VI

FINANCE

154. The object and purpose of this Part shall be-

- (a) to establish various funds for the proper functioning of the Commission; and
- (b) to establish a fund to provide limited compensation to investors who have no other remedy.

CHAPTER 1

FUNDS OF THE COMMISSION

155. (1) There shall be charged, levied and paid a cess at such rates as may be prescribed by the Minister by regulations published in the Gazette on every purchase and sale of securities recorded in an exchange or notified to it under its rules by both the purchaser and the seller. Different rates may be prescribed in respect of different classes of securities.

(2) The cess imposed under this section shall be in addition to any other tax or cess levied under any other law.

156. (1) There shall be established a fund called the "Cess Fund" to be administered by the Commission to which shall be credited the proceeds of the cess imposed under section 155.

(2) The monies lying to the credit of the Cess Fund shall only be utilized for the purpose of –

- (a) developing the securities market;
- (b) enhancing monies lying to the credit of the Compensation Fund or the Fund of the Commission established under this Part;
- (c) meeting all expenditure incurred by the Commission in the management, administration, and operation of the Commission in the exercise, performance and discharge of its duties and functions;
- (d) granting loans for housing, educational, health and transport purposes to the staff of the Commission as the Commission deems appropriate;
- (e) to make contributions to pension and provident funds and other schemes established for the benefit of the Director General and its officers and servants and their dependents and nominees; and
- (f) to defray the costs of study, in Sri Lanka or abroad of the officers and servants of the Commission who are of proven merit as determined by the Commission.

(3) Any excess money lying to the credit of the Cess Fund may be invested by the Commission in such manner as may be determined by the Commission for the purpose of developing the Cess Fund.

157. (1) The Commission shall have its own Fund.

(2) There shall be paid into the Fund –

- (a) all such sums of money as may be voted upon from time to time by Parliament for the use of the Commission;
- (b) all sums of money as may be charged as costs incurred in carrying out all inspections under the provisions of this Act or paid as fees under the provisions of this Act;

- (c) such sums of money that are recovered, as reimbursements for costs incurred in carrying out investigations and institution of legal proceedings in respect of contraventions under the provisions of this Act;
 - (d) all such sums of money as may be received by the Commission by way of donations, gifts or grants from the Consolidated Fund, the Government or a foreign Government, State Agencies and from multilateral and bilateral agencies whether within or outside Sri Lanka; and
 - (e) such sums of money as may be credited from the Cess Fund.
- (3) There shall be paid out of the Fund all such sums of money required to defray the expenditure incurred by the Commission in the exercise, discharge and performance of its powers, functions and duties.
- (4) Monies belonging to the Fund of the Commission may be invested by the Commission in such manner as may be determined by the Commission.

CHAPTER 2

FUND TO PROVIDE COMPENSATION TO INVESTORS

158. (1) There shall be established a fund called the
 “Compensation Fund,” by the Commission for the purpose of granting limited compensation to any investor who suffers pecuniary loss as a result of any licensed stock broker or stock dealer being found by the Commission as being incapable of meeting its contractual obligations.
- (2) The Compensation Fund shall consist of -
- (a) such sums of money as may be voted upon by Parliament;
 - (b) such sums of money as may be credited to the fund under the provisions of this Act; and
 - (c) such sums of money as may be credited from the Cess Fund as approved by the Commission.
- (3) Monies belonging to the Compensation Fund may be invested by the Commission in such manner as may be determined by the Commission.
159. (1) The Commission shall appoint from amongst the members of the Commission, three members who shall comprise the Compensation Committee (hereinafter referred to as the “Committee”) of the Commission.
- (2) The Committee appointed under subsection (1) shall be responsible for assessing and awarding compensation in respect of any application made under section 162 and the decision of such Committee on any such assessment or award shall be final and conclusive for the purpose of this Act.
160. (1) Any investor who has suffered pecuniary loss as a result of any licensed stock broker or stock dealer being found incapable of meeting his contractual obligation towards such investor may make an application to the Committee in the specified form claiming compensation from the Compensation Fund.
- (2) The Committee may from time to time, require an applicant to produce any document or other evidence in support of the claim of the applicant for compensation. Where the applicant fails to comply with such request, the Committee may disallow the claim of the applicant.
- (3) If at any time the Committee considers it necessary so to do, it may hold an inquiry into the claim of the applicant and shall by notice in writing, inform the applicant to be present on such date, and at such time and place as may be specified in the notice. Where the applicant fails to appear for such inquiry on the date set out in the notice, the Committee may disallow the claim of the applicant.
161. (1) The Committee may, after examination of the documents and other evidence produced in support of the claim by an applicant or in any case where an inquiry was held on the conclusion of such inquiry allow or disallow such claim for compensation.
- (2) Where the Committee allows any claim it shall make an assessment of the limited compensation payable and shall make an award in relation thereto. Notice of such award shall be given in writing to the applicant.

CHAPTER 3

FINANCIAL YEAR AND AUDIT OF ACCOUNTS

162. The financial year of the Commission shall be the period of twelve months commencing on the first day of January each year.
163. (1) The Commission shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Commission.
- (2) The provisions of Article 154 of the Constitution relating to the audit of accounts of public corporations shall apply to the audit of the accounts of the Commission.

PART VII

GENERAL

164. The object and purpose of this Part shall be to ensure effective implementation of provisions in this Act relating to production of documents, disclosure of information, establishment of a Complaints Resolution Committee, conducting inquiries and investigations, sharing of information and the protection of whistleblowers.

CHAPTER 1

PROVISIONS RELATING TO IMPLEMENTATION

165. (1) The Commission or a person authorised by the Commission may by notice in writing require any person within such period as specified in the notice to furnish any information or produce any document or electronic record (other than any information or document which is prohibited from being disclosed or produced under any law relating to the imposition and recovery of any tax) as specified in such notice and as the Commission may consider necessary for the proper exercise of its powers or the discharge of its functions under this Act.
- (2) It shall be the duty of any person who receives a notice under subsection (1) to comply with the requirements of such notice within the period specified therein and, where in compliance with such notice such person discloses any information or produces any document or electronic record which he is prohibited from doing under any law, such disclosure or production shall notwithstanding anything to the contrary in such law not be deemed to be a contravention of the provisions of such law.
- (3) Any information furnished or the contents of a document or an electronic record produced in compliance with a notice issued under this section shall not be published or communicated by the Commission to any other person except—
- by an order of court; or
 - in the course of the discharge of the functions of the Commission; or
 - with the consent of the person furnishing such information, document or electronic record.
- (4) The consent under paragraph (c) of subsection (3) is not required when the person furnishing the information, document or electronic record is being investigated by the Commission for a breach of any provision of this Act or any regulation, rule or directive made thereunder.
166. (1) Notwithstanding anything to the contrary contained in the Code of Criminal Procedure Act, No. 15 of 1979, the Commission or any person duly authorised by the Commission, may hold inquiries or carry out investigations as it may consider necessary or expedient for the exercise, performance and discharge of the powers, duties and functions of the Commission under this Act.
- (2) For the purposes of subsection (1), the Commission or any person authorised by the Commission may, summon and call upon any person to appear before it or him to give evidence or to produce any book or document in the possession or control of such person as are required for the purpose of such investigation or inquiry, where the Commission has reasonable grounds to believe that—
- the transactions in securities are being dealt with in a manner detrimental to investors or the securities market by any person; or
 - any market institution, market intermediary, investor or any other person has violated any of the provisions of this Act, regulations or the rules made thereunder or the directives issued by the Commission.
- (3) Any person summoned or called upon to appear before the Commission or any person duly authorised by the Commission under subsection (2) may be examined orally and any statement made by the person so examined may be in writing.

Every such statement in writing shall be signed by the person so examined provided that prior to signing the same, such person shall be required to read such statement or if he does not understand the language in which it is written it shall be interpreted to him in a language he understands and he shall be at liberty to explain or add to such statement.

- (4) Every person who fails to appear before the Commission or the person authorised, when required to do so under subsection (2) or who refuses to answer any question put to him by the Commission or a person duly authorised by the Commission or any person who refuses to produce or allow the Commission or any person duly authorised to take copies of any book, document or electronic record in his possession or control when required to do so or knowingly gives any false answer to any question put to him by the Commission or a person duly authorised by the Commission commits an offence.
 - (5) (a) For the purpose of carrying out an inquiry or investigation under subsection (1), the Commission may authorise in writing any officer and any expert recognised under the Computer Crimes Act, No. 24 of 2007, as may be required to enter at all reasonable hours of the day any premises of a market institution or market intermediary or listed public company to inspect and take copies of any document or electronic record or take into possession any electronic device required to be kept under this Act or under any regulation or rule or directive made thereunder or any other law in respect of such business and where the Commission has reasonable grounds to believe that such information may be required in discharging its duties under the Act, to access their computer systems to collect evidence.
 - (b) For the purpose of carrying out an inquiry or an investigation under subsection (1), it shall be lawful for the Commission or any person authorised by the Commission upon an order issued by Magistrate's court to have access to any other premises not specified in paragraph (a) and inspect any property, book, document, article, thing or electronic record or device or otherwise in any form whatsoever and seize or take possession of the copies of such book, document, article, thing or electronic record or otherwise in any form whatsoever provided it is deemed by such authorised persons to be material evidence for a successful investigation or inquiry under subsection (1).
 - (6) Every authorised officer under subsection (1) shall be deemed to be a peace officer within the meaning and for the purposes of the Code of Criminal Procedure Act, No. 15 of 1979.
 - (7) The provisions of the Computer Crimes Act, No. 24 of 2007 shall *mutatis mutandis* apply in carrying out an inquiry or investigation under subsection (5) or any other section in this Act relating to electronic records or documents.
 - (8) Notwithstanding anything to the contrary in any other written law where the Commission on a consideration of material collected in the course of an investigation or inquiry or both an inquiry and investigation as the case may be is satisfied that any person has committed an offence under this Act other than an offence under Part V, it may authorise the Director General to initiate criminal proceedings against such person or to take any other enforcement action as provided for under this Act.
 - (9) Notwithstanding anything to the contrary in any other written law the Commission may if it deems appropriate forward the material collected and received under this Part to the Attorney General or any other authority to take any appropriate action under any other written law.
167. (1) On reasonable suspicion of a contravention of any provision of this Act, regulations, rules or directives made thereunder, the Commission may, at any time where an inquiry is being carried out or a person is being investigated in terms of section 165, issue a directive (hereinafter referred to as a "freezing order")-
- (a) prohibiting a person from disposing assets of such person or any part thereof which is related to the matter under inquiry or investigation; or
 - (b) prohibiting a person from entering into any transaction or a class of transactions as may be determined by the Commission.
- (2) A freezing order made under subsection (1) shall not be in force for a period exceeding seven market days from the date of issue of such order.
 - (3) The Commission after issuing a freezing order under subsection (1), shall within the period during which the freezing order is in force, make an application to court seeking confirmation of such freezing order and also if circumstances so necessitates, request an extension thereto as required after giving the aggrieved person an opportunity of being heard.
 - (4) Where the court is satisfied that there are sufficient reasons for issuance of such freezing order, the court may confirm the freezing order and if it is satisfied that there are sufficient reasons for extension thereof may, grant extensions for such periods as it considers appropriate.
 - (5) On an application made by the Commission to court in terms of subsection (3), the court shall make an appropriate order in respect of the management of the asset under a freezing order.

168. (1) The Commission shall establish a Complaints Resolution Committee to hear complaints by any person relating to the professional misconduct or the breach of any provision of this Act, regulations, rules made thereunder or directives issued on a market institution, market intermediary, listed public company or a registered person or any other person who comes under the regulatory purview of the Commission.
- (2) The Commission or any person duly authorised by the Commission may hold such inquiries as it or he may consider necessary or expedient for the exercise, performance and discharge of the powers, duties and functions of the Commission under this Act and for such purpose summon and call upon any person to appear before the Complaints Resolution Committee to give evidence or to produce any books or documents in the possession or control of such person as are required for the purpose of such inquiries.
- (3) The Commission shall establish appropriate processes and procedures for handling such complaints, and all matters related thereto by rules.
- (4) The Complaints Resolution Committee may on receipt of any written complaint made by a person, examine the evidence produced to find whether any provision of this Act, regulations, rules or directives made thereunder or any rules of a market institution has been contravened.
- (5) Where the Committee finds that a market institution, market intermediary, listed public company or registered person has contravened a provision under this Act, regulation, rule or directive issued thereunder or rules of a market institution, the Complaints Resolution Committee shall convey such finding with a recommendation to the Commission and the Commission shall have the discretion to either give effect to such recommendation or take any other action as it may deem expedient.
- (6) The Commission shall not take any action under this section without affording such market institution, market intermediary, listed public company or registered person an opportunity of being heard.
169. (1) The Commission shall be entitled to seek information, clarification or explanation from supplementary service providers in relation to professional services carried out in respect of a market institution, market intermediary or listed public company or an unlisted company which has made a public offer of securities in accordance with section 81.
- (2) Where the Commission is of the view that the services rendered in terms of subsection (1) is likely to cause harm to the interest of investors, the Commission may issue a directive to such supplementary service provider to take corrective action as may be determined by the Commission.
- (3) The Commission may make guidelines or rules to provide for the duties and obligations of supplementary service providers where the Commission considers it necessary.
170. The Commission may enter into agreements or memoranda of understanding with such other organisations in connection with the sharing of information on regulatory functions relating to securities and investors in securities markets.
171. (1) The Commission may on its own motion or upon an order issued by a competent court of law-
- (a) permit a police officer or any public officer to have access to and inspect any property, book, document, article, thing or electronic record or otherwise in any form whatsoever which has been produced before, seized, detained or taken possession of by the Commission under this Act; or
- (b) provide to a police officer or any public officer a copy of any book, document or electronic record or otherwise in any form whatsoever seized, detained or taken possession of by an investigating officer or by any officer of the Commission in the course of any inspection carried out by the Commission in the exercise of its powers or in the discharge of his duties in respect of any person.
- (2) The Commission may, where it deems necessary, enter into regulatory arrangements to cooperate with any domestic or foreign supervisory authority which may include –
- (a) obtaining any information or document or electronic record from any domestic or foreign supervisory authority; and
- (b) share any information or document or electronic record with any domestic or foreign supervisory authority.
- (3) The Commission may, upon receiving a written request from a foreign supervisory authority for assistance in respect of any regulatory matter which the foreign supervisory authority enforces or administers, provide such assistance to such foreign supervisory authority as the Commission deems fit for the purpose.
- (4) In determining whether to render assistance under subsection (3), the Commission shall have regard to-

- (a) whether the foreign supervisory authority shall pay the Commission any cost and expenses incurred for providing the foreign supervisory authority with the assistance; and
- (b) whether the foreign supervisory authority shall be able and willing to provide reciprocal assistance in response to a comparable request for assistance from the Commission.

(5) In this section –

“domestic supervisory authority” means the Central Bank of Sri Lanka established under the Monetary Law Act, Registrar General of Companies appointed under the Companies Act, No. 7 of 2007, the Police and any other regulatory authority under any written law;

“foreign supervisory authority” means a foreign authority which exercises functions corresponding to the functions of the Commission under this Act or any person or international organisation outside Sri Lanka exercising regulatory functions and in respect of which the Commission considers desirable and necessary in the interest of the public to enter into such arrangement or to render such assistance; and

“Public Officer” shall have the meaning assigned to that expression by Article 170 of the Constitution.

172. (1) An employer shall not discharge, terminate, demote or cause harassment to a person in employment on account of having provided information to the Commission concerning violations or potential violations of this Act, regulations, rules or directives made thereunder or any rule of a market institution.
- (2) Any employer who retaliates against such person for providing information to the Commission in terms of subsection (1) may be subjected to such administrative penalty as may be determined by the Commission by rules, after affording such person an opportunity of being heard.
- (3) For the purposes of this section, a “person in employment” includes a director, partner, chief executive officer, chief financial officer, company secretary, internal auditor or any other employee.
- (4) The Commission may grant a reward in terms of rules made in that regard, to a whistleblower who is the first to provide such information which leads to the successful prosecution or any other sanction by the Commission against a person for a contravention of the provisions of this Act.
173. The Minister may, from time to time, request the Commission in writing to furnish to him in such form as he may require returns, accounts and other information with respect to the work of the Commission and the Commission may furnish such information other than information deemed confidential by the Commission, on the grounds that providing such information –
- (a) would cause grave prejudice to an ongoing investigation under the Act;
 - (b) would cause grave prejudice to the prevention or detection of any offence under the Act; or
 - (c) expose the identity of a confidential source of information in relation to any inquiries or investigations that are being conducted by the Commission under the Act.
174. (1) No suit or prosecution shall be instituted against any member of the Commission or against any officer of the Commission for any acts done or purported to be done or omitted to be done in good faith under this Act or on the direction of the Commission.
- (2) Any expense incurred by the Commission in any suit or prosecution brought by or against it before any court shall be paid out of the Fund of the Commission and any cost paid to or recovered by the Commission in any such suit or prosecution shall be credited to such fund of the Commission.
- (3) Any expenses incurred by a person referred to in subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done or purported to be done by him under this Act or on the direction of the Commission shall, if the court holds that such act was done in good faith be paid out of the Fund of the Commission unless such expenses are recovered by him in such suit or prosecution.

CHAPTER 2

PROVISIONS RELATING TO PUNISHMENTS AND ENFORCEMENT MECHANISMS

175. (1) Other than offences under Part V, any person who–
- (a) contravenes any provision of this Act or any requirement imposed under the provisions of this Act or any regulation or rule or directive made thereunder;

- (b) furnishes or produces, for the purposes of this Act or any requirement imposed under the provisions of this Act or any regulation, or any rule or directive made thereunder, any information or any return, document or electronic record or statement the contents of which are, to his knowledge, untrue, incorrect or misleading;
 - (c) threatens or intimidates or willfully obstructs, makes any derogatory remarks and publishes any statement with a view to bringing disrepute or defaming any member of the Commission or the Director-General or an officer or servant of the Commission or any person with whom the Commission has entered into an agreement in the course of discharging his duties under this Act or under any regulation or rule made thereunder;
 - (d) in any manner falsify any information or electronic record or store any misleading or false information in any book or electronic record in relation to the business of a market institution, market intermediary or a listed public company or any of its related companies; or
 - (e) destroys, conceals, mutilates, alters, sends or attempts to send or conspires with any other person to remove from its premises or send out of Sri Lanka any book, document or electronic record or accounts required to be kept or maintained under this Act, regulations, rules or directives made thereunder with intent to defraud any person, or to prevent, delay or obstruct the exercise of any power under this Act, commits an offence.
- (2) Any person who abets or conspires to commit an offence as stated in subsection (1) hereof, commits an offence and shall be punishable in the same manner as punishable for an offence under subsection (1).
- (3) All offences under this Act other than offences in Part V shall be triable in the Magistrate's court and any person who is found guilty of an offence under this Act for which no penalty is expressly provided for under this Act shall be liable on conviction after summary trial to a fine not less than ten million rupees and not exceeding one hundred million rupees or to imprisonment of either description for a period not exceeding ten years or to both such fine and imprisonment.
- (4) Where any offence under this Act is committed by a body corporate, any person who is at the time of the commission of the offence, a director, manager or other similar officer of the body corporate shall be deemed to be guilty of that offence unless he proves that such offence was committed without his knowledge or connivance or that he exercised all due diligence to prevent the commission of that offence as he ought to have exercised having regard to the nature of his functions and all the circumstances of the case.
176. (1) The Code of Criminal Procedure Act, No. 15 of 1979 shall be applicable in the conduct of all prosecutions made under this Act and except for offences under Part V, proceedings on behalf of the Commission shall be instituted by the Director-General.
- (2) In prosecutions and in civil actions under this Act, the provisions of the Electronic Transactions Act, No. 19 of 2006 shall apply to and in relation to the admissibility of evidence of electronic records or other documents.
177. Other than offences listed in Part V of this Act, the Commission may having regard to the circumstances in which the offence under this Act was committed, compound such offence for a sum of money not exceeding one half of the maximum fine imposable for such offence and all such sums of money received by the Commission in the compounding of an offence under this section shall be credited to the Compensation Fund of the Commission.
178. (1) Except in relation to offences under Part V, if any person –
- (a) contravenes any provision of this Act or commits a breach of any regulation or rule made thereunder;
 - (b) contravenes or fails to comply with any condition or restriction of a licence or registration granted under this Act;
 - (c) fails to comply with any provision of the rules of a market institution; or
 - (d) fails to comply with any written notice, guideline, directive or condition imposed by the Commission, the Commission may, having regard to the nature and manner of the contravention, non-compliance or breach and the impact of such contravention, non-compliance or breach on the market referred to in paragraphs (a), (b), (c) and (d) of subsection (1), take any one or more of the following administrative actions: -
 - (i) direct the person who has committed the contravention, non-compliance or breach to comply, observe, enforce or give effect to such provisions, regulations, rules, written notice, condition, directive or guideline;
 - (ii) impose a penalty on the person who has committed the contravention, non-compliance or breach, in proportion to the severity or gravity of the contravention, non-compliance or breach and such penalty in any event shall not exceed fifty million rupees;
 - (iii) reprimand the person who has committed the contravention, non-compliance or breach;
 - (iv) require the person who has committed the contravention, non-compliance or breach to take such steps as the

- Commission may direct to remedy the contravention, noncompliance or breach to mitigate the effect of such contravention, non-compliance or breach, including making restitution to any other person aggrieved by the contravention, non-compliance or breach;
- (v) in the case of a promoter or a director of a listed public company, in addition to the actions that may be taken under paragraphs (i) to (iv), the Commission may impose a moratorium on or prohibit any trading of or any dealing in, the listed public company's securities or in any other securities which the Commission thinks fit, by the promoter or director or any person connected with the promoter or director.
- (2) The Commission shall not take any action under subsection (1) without giving the person in contravention, non-compliance or breach an opportunity of being heard.
- (3) For the purposes of paragraph (iv) of subsection (1) in determining whether or not restitution is to be made by a person in contravention, non-compliance or breach, the Commission shall have regard to—
- (a) the profits that have accrued to such person in contravention, non-compliance or breach; or
 - (b) whether one or more persons have suffered loss or been otherwise adversely affected as a result of the contravention, non-compliance or breach.
- (4) Where the Commission takes an action under subsection (1) against any person under the rules of a market institution the Commission shall notify the market institution of the action taken by the Commission.
- (5) Nothing in this section shall preclude the Commission from—
- (a) directing a market institution to take any disciplinary action against its trading participants, clearing members or depository participants, a listed public company and a director of a listed public company for the contravention, non-compliance or breach of the rules of the market institution including the imposition of a penalty; or
 - (b) taking any other action that it is empowered to take under this Act against the person who has committed the contravention, non-compliance or breach.
- (6) (a) Any person aggrieved by a decision made under paragraph (ii) of subsection (1) may within fourteen days of receipt of such decision may appeal to the Minister.
- (b) Notwithstanding the making of an appeal to the Minister under paragraph (a), any administrative sanction imposed by the Commission shall continue to have effect until the Minister makes his decision.
- (c) The Minister may, on an appeal made under paragraph (a), after hearing the Commission and the person who made the appeal under paragraph (a), within a period of one month after receipt of such appeal,—
- (i) allow the appeal and mitigate the penalty;
 - (ii) disallow the appeal.
- (d) The Commission shall give effect to the decision of the Minister.
- (7) Where a person has failed to pay a penalty imposed by the Commission under subsection (2), the sum of money due as such penalty may, on application being made by the Commission to the Magistrate's court, be recovered in like manner as a fine imposed by such court, notwithstanding that such sum may exceed the amount of a fine which that court may, in the exercise of its ordinary jurisdiction impose and notwithstanding the provision of any written law to the contrary the sum so recovered shall be paid to the Commission.
- (8) Without prejudice to any other remedy, where an administrative sanction under paragraph (iv) of subsection (1) requires the person in contravention, non-compliance or breach to make restitution in the form of monetary payment and the person in contravention, non-compliance or breach fails to restitute, on application being made by the Commission, to the Magistrate's court, be recovered in like manner as a fine imposed by such court, notwithstanding that such sum may exceed the amount of a fine which that court may, in the exercise of its ordinary jurisdiction impose and notwithstanding the provision of any written law to the contrary the sum so recovered shall be paid to the Commission.
- (9) Where the monies received under subsection (1) has not been distributed due to the difficulty of ascertaining or notifying the aggrieved persons, such amount shall be—
- (a) credited to the Compensation Fund of the Commission maintained under Part VI; or
 - (b) retained by the Commission to defray the costs of regulating the securities market as the Commission may determine.

179. (1) The Commission may take one or more of the following actions where a market intermediary who handles or is entrusted with monies of clients or assets in the course of his business contravenes any provision of this Act, regulation, rule or directive issued thereunder or is no longer fit and proper and the Commission is of the view that interests of investors, the clients of a market intermediary or unit holders of collective investment schemes are likely to be jeopardized, or are jeopardized—
- (a) direct the market intermediary not to deal with monies and properties of any investor or its clients in such manner as the Commission thinks appropriate or to transfer the monies and properties of such investors or its clients or any document or electronic record in relation to such monies or properties to any other person as may be specified by the Commission;
 - (b) direct a trustee to transfer any document or electronic record in relation to monies or properties to any other person as may be specified by the Commission;
 - (c) prohibit the market intermediary from entering into transactions, soliciting business from persons or require the market intermediary or trustee to engage in business in such manner as may be specified by the Commission; or
 - (d) require a market intermediary or trustee to maintain property within Sri Lanka or at a place outside Sri Lanka as determined by the Commission.
- (2) The Commission shall not take any action under this section without giving such market intermediary an opportunity of being heard prior to taking any action under subsection (1).
- (3) Subsection (2) shall not apply if the Commission considers that any delay in taking an action under this section would be prejudicial to the interest of investors, the interest of clients of the market intermediary or the public interest.
180. (1) On an application made to the court by the Commission, the court may on being satisfied that there is a reasonable likelihood that any person has contravened or is likely to contravene a provision of this Act, regulations or any rule made thereunder or that a person has failed or is likely to fail to comply with any directive issued by the Commission, the court may make an order—
- (a) restraining or requiring the cessation of the contravention;
 - (b) restraining a person from dealing or trading in securities in respect of any class of securities mentioned in the order;
 - (c) declaring a securities transaction to be void;
 - (d) restraining the person from acquiring, disposing of or otherwise dealing with assets which the court is satisfied that such person is reasonably likely to acquire, dispose of or otherwise deal with;
 - (e) directing a person to dispose of any securities that are specified in the order;
 - (f) restraining the exercise of any voting or other rights attached to any securities that are specified in the order;
 - (g) restraining a person from making available, offering for subscription or purchase or issuing an invitation to subscribe for or purchase or allotting any securities that are specified in the order;
 - (h) appointing a receiver or liquidator over the property of a market intermediary or the property that is held by such person for or on behalf of another person whether on trust or otherwise;
 - (i) vesting securities or such other property that is specified in the order in a trustee appointed by court;
 - (j) requiring a person to do such act or comply with such directive where a person has refused or failed or is refusing or failing or is proposing to refuse or fail to do any act or comply with any directive that such person is required to do under this Act;
 - (k) requiring that person or any other person who appears to have been knowingly involved in the contravention to take such steps as the court may direct to remedy it or to mitigate its effect including making restitution to any other person aggrieved by such contravention;
 - (l) directing a person to do or refrain from doing a specified act for the purpose of securing compliance with any other order under this section;
 - (m) directing a person to comply with a directive that is issued by the Commission;
 - (n) on any ancillary matter deemed to be desirable in consequence of the making of an order under any of the preceding provision of this subsection.
- (2) If an application is made to court for an order under subsection (1), the Court may, make an interim order ex parte pending the final determination of the application.

- (3) The court may before making an order under subsection (1), direct that notice of the application be given to such persons as it thinks fit or direct that notice of the application be published in such manner as it thinks fit or both.
 - (4) Where an application for an order under subsection (1) is made by the Commission or any person duly authorised by the Commission, the court shall not as a condition of the grant of the order require any undertaking as to damages to be given by or on behalf of the Commission.
 - (5) A person appointed by order of the court under subsection (1) as a receiver of the property of a market intermediary—
 - (a) may require the market intermediary to deliver to him any property of which he has been appointed receiver or to give to him all information concerning that property that may reasonably be required;
 - (b) may acquire and take possession of any property of which he has been appointed receiver;
 - (c) may deal with any property that he has acquired or of which he has taken possession in any manner in which the holder might lawfully have dealt with the property; and
 - (d) has such other powers in respect of the property as the court specifies in the order.
 - (6) In this section, “property”, in relation to a market intermediary includes monies, securities or other property and documents of title to securities or other property entrusted to or received on behalf of any other person by the market intermediary or another person in the course of or in connection with the business of the market intermediary.
 - (7) The trustee appointed by an order of the court under this section—
 - (a) may require any person to deliver to the trustee any security or such other property specified in the order or to give to the trustee all information concerning the securities that may reasonably be required;
 - (b) may acquire and take possession of the securities or such other property;
 - (c) may deal with the securities or such other property in any manner as it thinks fit; and
 - (d) shall have such other powers in respect of the securities or such other property as may be specified by the court in the order.
 - (8) The proceeds of the dealing in or disposal of securities under subsection (1) shall be paid to court and any person claiming to be beneficially entitled to the whole or any part of such proceeds may within thirty days of such payment to court apply to the court for payment out of the proceeds due to such person.
 - (9) The court may rescind, vary or discharge an order made by it under this section or suspend the operation of such an order on the application of a party aggrieved by such order with prior notice to the Commission of such application of an aggrieved party.
181. The Commission may, where it thinks necessary or expedient in the interest of the public or for the protection of investors and in such form or manner as it thinks fit, publish any information in relation to any decision made or any action taken by the Commission under this Act, regulations, rules or directives.
182. (1) The Minister on the recommendation of the Commission may make regulations in respect of matters required by this Act to be prescribed or in respect of which regulations are authorised to be made.
- (2) Without prejudice to the generality of the provisions contained in subsection (1), the Minister may make regulations in regard to –
- (a) the fees, terms and conditions to be satisfied for the purpose of granting a licence to a market institution;
 - (b) giving effect to any memorandum of understanding between the Commission and its foreign counter part or any other organization in respect of listing of a foreign entity in Sri Lanka or sharing of information;
 - (c) product or class of products which are not classified as securities.
- (3) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.
- (4) Every regulation made by the Minister shall, as soon as it is convenient after its publication in the *Gazette* be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything previously done thereunder.
183. (1) The Commission may make rules on any matter in respect of which rules are authorised to be made under this Act or which is stated or required to be made under this Act including but not limited to the following:-

- (a) listing and trading of securities in an exchange and the subsequent issue of any additional securities by way of rights or bonus or otherwise by listed public companies or delisting of such companies;
 - (b) regulation of listed foreign entities in respect of listing and trading in an exchange and other related matters arising therefrom;
 - (c) disclosures by market intermediaries about security transactions by persons who acquired or disposed of securities and by an exchange about security transactions;
 - (d) proper maintenance of books, records, accounts and audits by a market institution, market intermediary and regular reporting by such market institution and market intermediary to the Commission of their affairs;
 - (e) the procedure to be followed in the cancellation or suspension of a licence issued or a registration granted under this Act;
 - (f) the annual audit of the books, records, accounts and the preparation of financial statements by a market institution and market intermediary;
 - (g) regulation of takeovers or mergers where the target of such takeover or merger is a listed public company;
 - (h) a code of conduct to be observed by the trustee and an issuer of securities and a managing company of a collective investment scheme and a code on the operation and approval of a collective investment scheme;
 - (i) matters in respect of which rules are required by this Act to be made;
 - (j) the prudential requirements, fit and proper criteria, record keeping and other documentation systems to be followed by a market institution and market intermediary;
 - (k) the form and contents of prospectus proposed to be issued by a listed public company or a public company which has applied for a listing or a listed foreign entity;
 - (l) the operation of securities in a margin account by a stock broker or by a margin provider;
 - (m) the business affairs and activities of a market institution and market intermediaries, in relation to listed securities and exchange traded derivatives;
 - (n) the disclosure and reporting and the provision of information by listed public companies, listed foreign entities and other unlisted companies coming within the purview of this Act;
 - (o) the rejection of applications for listing made to an exchange and the suspension and cancellation of listing by an exchange;
 - (p) in relation to the trading of derivative contracts carried out by utilizing the facilities of a licensed derivatives exchange;
 - (q) the regulation of the activities of market makers, stock lenders and stock borrowers and on the regulation of short selling;
 - (r) the establishment and operation of a fidelity fund or compensation fund for an exchange; and
 - (s) provision for settlement of disputes between client and market intermediary and between the respective participants or members and market institutions.
- (2) Every rule made under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified therein.
184. Notwithstanding anything to the contrary in any other law, a derivative contract traded through an exchange shall not be taken to be a gaming or wagering contract.
185. Notwithstanding anything to the contrary in this Act a market maker licensed as a market intermediary shall not be considered as committing an offence under section 128 or 129 of this Act when carrying out the functions relating to its licensed activity.
186. Any person aggrieved by a decision of the Commission may invoke the Jurisdiction of the Court of Appeal conferred under Article 140 of the Constitution.
187. (1) The Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 is hereby repealed (hereinafter referred to as the "repealed Act").
- (2) Notwithstanding the repeal of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987—
- (a) (i) the Commission established under the repealed Act and functioning as such on the day immediately preceding the date of operation of this Act shall be deemed to be the Commission for the purposes of this Act until a new Commission is established under Part I of this Act and continue accordingly; and

- (ii) the appointed members holding office immediately preceding the date of operation of this Act, shall be deemed to have been appointed as such under this Act and continue to hold office until the end of their tenure or until new members are appointed under this Act;
 - (b) every licence issued to any exchange, stock broker or stock dealer or a managing company for the purpose of operating an unit trust under the repealed Act and which is in force immediately preceding the date of operation of this Act, shall be deemed to be a licence issued by the Commission under this Act;
 - (c) every certificate of registration issued to any clearing house or any market intermediary under the repealed Act and which is in force immediately prior to the date of operation of this Act shall be deemed to be a licence issued by the Commission under this Act;
 - (d) all regulations, rules and directives made, approvals granted and any other action taken or notices issued under the repealed Act and which are in force on the day immediately prior to the date of commencement of this Act and not inconsistent with the provisions of this Act shall be deemed to be regulations, rules and directives made, approvals granted and any other action taken or notices issued by the Commission under this Act and shall continue to be valid; (e) all contracts, agreements and other instruments made under the repealed Act and subsisting on the day immediately prior to the date of commencement of this Act shall be deemed to be contracts, agreements or other instruments entered into by the Commission under this Act;
 - (f) all suits, actions, and other legal proceedings instituted by or against the Securities and Exchange Commission of Sri Lanka established under the repealed Act and pending on the day, immediately prior to the date of commencement of this Act, shall be deemed to be suits, actions and other legal proceedings instituted by or against the Commission under this Act;
 - (g) all rules of the market institutions made under the repealed Act and are in force on the day immediately prior to the date of commencement of this Act and not inconsistent with the provisions of this Act, shall be deemed to be rules made by such market institutions under this Act until new rules are made by such market institutions under this Act;
 - (h) every application for a licence made under the provisions of the repealed Act shall with effect from the date of commencement of this Act be deemed to be an application made to the Commission established under this Act and shall be dealt with accordingly;
 - (i) all movable and immovable property vested in the Securities and Exchange Commission of Sri Lanka established under the repealed Act and existing on the day immediately preceding the date of commencement of this Act, shall, with effect from the date of commencement of this Act, be vested with the Commission;
 - (j) all sums of money lying to the credit of the funds of the Securities and Exchange Commission of Sri Lanka established under the repealed Act and existing on the day immediately preceding the date of commencement of this Act, shall stand transferred, with effect from the date of commencement of this Act, to the respective funds of the Commission established under Part VI of this Act;
 - (k) all offences or proceedings initiated under the provisions of the repealed Act, regulations, rules or directives made thereunder prior to the commencement of this Act, shall be offences committed or proceedings initiated under the repealed Act and be tried accordingly;
 - (l) all interests, rights, assets, obligations, debts and liabilities of the Securities and Exchange Commission of Sri Lanka established under the repealed Act prior to the date of commencement of this Act, shall be deemed with effect from the date of commencement of this Act to be the interests, rights, assets, obligations, debts and liabilities of the Commission;
 - (m) the Director-General, all officers and servants of the Securities and Exchange Commission of Sri Lanka established under the repealed Act holding office prior to the date of commencement of this Act, shall be deemed with effect from the date of commencement of this Act to be Director-General, the officers and servants of the Commission, on terms not less favourable than the terms and conditions of employment to which they were entitled under the repealed Act.
- (3) Notwithstanding the repeal of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987—
- (a) every reference to Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 in any other written law shall be construed as a reference to this Act; and
 - (b) every reference to the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 in any other written law shall be construed as referring to the corresponding provisions contained in this Act.

188. In this Act, unless the context otherwise requires –

“accredited investor” includes-

- (a) an individual -
 - (i) whose net personal assets, excluding primary residential property, exceeds two hundred million rupees in value or a higher value as may be determined by the Commission; or
 - (ii) whose average annual income in the preceding three years is not less than thirty million rupees or a higher value as may be determined by the Commission; and
 - (iii) who makes a declaration on his experience, ability and sophistication to take on the investment risk;
- (b) a corporate entity with net assets exceeding one thousand million rupees in value as determined by-
 - (i) the most recent audited balance sheet of the entity; or
 - (ii) in the absence of the audited balance sheet, the most recent balance sheet of the corporate entity certified by the entity as giving a true and fair view of the state of affairs of the entity as of the date of the balance sheet, which date shall be within the preceding twelve months;
- (c) the trustee of a trust as the Commission may specify when acting in that capacity; or
- (d) any entity licensed by the Commission under this Act or such other institution or entity as the Commission may specify by rules;

“Central Bank of Sri Lanka” means the Central Bank of Sri Lanka established by the Monetary Law Act (Chapter 422);

“central depository” means a body corporate licensed by the Commission under this Act in order to establish and operate a system for the central handling of

securities on an exchange –

- (a) whereby all such securities are deposited with and held in custody by, or registered in the name of the depositor or account holder or his or its nominee for the purpose of dealing in those securities or are effected by means of entries in securities, accounts without the physical delivery of scrips; or
- (b) which permits or facilitates the settlement of securities transactions or dealings in securities without the physical delivery of scrips; and
- (c) to provide other facilities and services incidental thereto, but does not include –
 - (i) a central depository operated or established by the Central Bank of Sri Lanka;
 - (ii) a central depository operated or established in respect of securities issued by the Government of Sri Lanka or the Central Bank of Sri Lanka; or
 - (iii) any person providing, or holding out as providing, a central depository for exempted securities;

“clearing facility” means a facility for the clearing or settlement of transactions in securities;

“clearing or settlement” in relation to a clearing facility includes any arrangement, process, mechanism or service provided by a person in respect of securities transactions by which —

- (a) information relating to the terms of those securities transactions are verified by such person with a view to confirming such transactions;
- (b) parties to those securities transactions substitute, through novation or otherwise, the credit of such person for the credit of the parties;
- (c) the obligations of parties under those securities, transactions are calculated, whether or not such calculations include multilateral netting arrangements; or
- (d) parties to those securities transactions meet their obligations under such transactions, including the obligation to deliver securities or the transfer of funds or the transfer of title to securities between the parties, but does not include -
 - (i) the back office operations of a party to the securities transactions referred to in the above;
 - (ii) the services provided by a person who has, under an arrangement with another person (hereinafter referred to as the “customer”), who is in possession or control of securities of the customer, where those services are solely incidental to the settlement of transactions relating to the securities; or
 - (iii) any other services as may be specified by the Commission;

“clearing member” means a person who is admitted as a clearing member by the licensed clearing house for clearing and settlement of securities on his own behalf or on behalf of others under the rules of a licensed clearing house;

“collective investment scheme” includes any scheme or arrangement that satisfies the conditions under which a scheme or arrangement made or offered to the public by a company for which—

- (a) the contribution or payments made by the investors, by whatever name called, are pooled and utilized solely for the purpose of the scheme or arrangement;
- (b) the contributions or payments are made to such scheme or arrangement by investors with a view to receive profits, income, produce or property whether movable or immovable from such scheme or arrangement;
- (c) the investors share the risk and the benefit of investment in proportion to their participatory interest in a portfolio of a scheme or on any other basis as may be determined by the parties;
- (d) the property, contribution or investment forming part of the scheme or arrangement, whether identifiable or not, is managed on behalf of the investors; and
- (e) the investors do not have day to day control over the management and operation of the scheme or arrangement, but does not include pools of funds relating to-
 - (i) individual investment management arrangements;
 - (ii) enterprise initiative schemes;
 - (iii) pure deposit based schemes;
 - (iv) schemes not operated by way of business;
 - (v) debt issues, such as debentures, bonds and loan stock;
 - (vi) employee share schemes;
 - (vii) franchise arrangements;
 - (viii) timeshare schemes;
 - (ix) provision of clearing services;
 - (x) contracts of insurance;
 - (xi) individual pension accounts;
 - (xii) occupational and personal pension schemes;
 - (xiii) certain body corporates including building societies, cooperative societies, industrial and provident societies and registered friendly societies; or
 - (xiv) any similar arrangement to the aforementioned schemes;

“controller” means a person who –

- (a) is entitled to exercise or control the exercise of not less than twenty per centum of the votes attached to the voting shares in the holder;
- (b) has the power to appoint or cause to be appointed a majority of the directors of such holder; or
- (c) has the power to make or cause to be made, decisions in respect of the business or administration of the market institution, collective investment scheme and market intermediary, and to give effect to such decisions or cause them to be given effect to;

“court” means a High Court established under Article 154P of the Constitution for a Province, empowered with civil jurisdiction by Order published in the Gazette under section 2 of the High Court of the Provinces (Special Provisions) Act, No.10 of 1996, within the Province for which such High Court is established, or where no such High Court vested with civil jurisdiction is established for any Province, the High Court established for the Western Province; “delist” means to remove listed securities from the official list of an exchange;

“depository participant” means a person who has access to the facilities of a central depository and is admitted as a depository participant under the rules of a central depository;

“derivatives” include futures contracts consisting of an adjustment agreement, futures, options and eligible exchange traded option or any other agreement in a class of agreements specified to be a derivative by the Commission, but shall exclude an agreement which is specified to be a derivative agreement that is not traded on a futures market of a derivatives exchange;

“derivatives exchange” means a body corporate licensed as a derivatives exchange under this Act;

“electronic record” means a written document or other record created, stored, generated, received or communicated by electronic means;

“exchange” means a stock exchange or derivatives exchange licensed under this Act;

“Insurance Regulatory Commission of Sri Lanka” means the Insurance Regulatory Commission of Sri Lanka established by the Regulations of Insurance Industry Act, No. 43 of 2000;

“issuer” means a person who issues or proposes to issue securities by way of a public offer for sale;

“licensed clearing house” means a body corporate licensed under this Act and whose activities or objectives include the provision of clearing facilities;

“listed foreign entity” means an entity which is not incorporated in Sri Lanka and has been admitted to the official list of a stock exchange licensed by the Commission under this Act by way of a secondary listing;

“listed public company” means any company which has its securities listed on a stock exchange, and includes any public corporation which has its securities listed on a stock exchange licensed by the Commission under this Act;

“listed securities” mean, any security listed on an exchange licensed by the Commission under this Act;

“manager” in relation to a body corporate means a person who is appointed by the body corporate to manage any part of its business and includes an employee of the body corporate (other than the chief executive officer) who under the immediate authority of a director or chief executive officer of the body corporate, exercises managerial functions or is responsible for maintaining accounts or other records of the body corporate;

“margin account” means, a brokerage account that allows an investor to buy or sell listed securities generally serving as collateral to purchase listed securities for credit;

“market institution” means, an exchange, clearing house or central depository licensed by the Commission under Part II of this Act;

“market intermediary” includes any person licensed as a credit rating agency, corporate finance advisor, derivatives broker, derivatives dealer, investment manager, managing company, margin provider, market maker, stock broker, stock dealer, underwriter or any other person who undertakes similar activity and described by rules for the purpose of issuing such licence by the Commission: For the purposes of this definition-

- (a) “corporate finance advisor” means any person who for a fee or commission engages in the business of providing advice, on-
 - (i) compliance with or in respect of fund raising requirements as provided for under this Act;
 - (ii) compliance with the listing requirements of an exchange licensed under this Act;
 - (iii) structuring of financial products; or
 - (iv) schemes of arrangement, schemes of restructuring or takeovers of a listed public company, but shall not include –
 - (A) any attorney-at-law in practice who engages in giving advice in relation to any of the above solely incidental to the practice of his profession;
 - (B) any accountant in practice who engages in corporate finance advice solely incidental to the practice of his profession; or
 - (C) any company which engages in corporate finance advice solely for its benefit or for any of its related companies;
- (b) “credit rating agency” means a body corporate engaged in the business of assessing and evaluating the credit- worthiness of any issuer or a specific issue of securities;
- (c) “derivatives broker” means any person engaged in the business of buying or selling of derivatives on behalf of investors in return for a commission;
- (d) “derivative dealer” means any person engaged in the business of trading in derivative contracts on his own account;
- (e) “investment manager” includes a person who for a fee or commission engages in the business of managing a portfolio of securities on behalf of an investor but shall not include the manager of a collective investment scheme;
- (f) “managing company” means a company by which a unit of a unit trust scheme, a real estate investment trust, an exchange

traded fund or collective investment scheme –

- (i) has been or is proposed to be issued or offered for subscription; or
 - (ii) in respect of which an invitation to subscribe or purchase has been made, and includes any person for the time being performing the functions of a managing company.
- (g) “margin provider” means a person who is in the business of providing credit to investors to purchase securities traded on an exchange licensed by the Commission under this Act;
- (h) “market maker” means a person who enters bid and offer prices in the order book maintained in the automated trading system of an exchange licensed by the Commission for a specified security based on the requirements or rules stipulated by such exchange;
- (i) “stock broker” means any person engaged in the business of buying or selling of securities other than derivatives on behalf of investors in return for a commission;
- (j) “stock dealer” means a body corporate in the business of buying or selling of securities other than derivatives for his own account;
- (k) “underwriter” means any body corporate which in connection with a public offer of securities, guarantees to purchase unsubscribed portion of such securities for a fee or commission or who negotiates with an issuer of securities to purchase such securities in the event of the offer being not fully subscribed;

“market operator” means a person who establishes market infrastructure that facilitates trading, clearing or settlement of unlisted securities as provided in Part IV;

“Minister” means the Minister assigned the subject of Securities and Exchange Commission of Sri Lanka under Article 44 or 45 of the Constitution;

“Monetary Board of Sri Lanka” means the Monetary Board of the Central Bank of Sri Lanka established under the Monetary Law Act, (Chapter 422);

“offer” or “offering” includes any attempt to sell or dispose of any securities or interest in such security for value by means of a prospectus or otherwise to the public, but does not include a bona fide invitation to any person, to enter into an underwriting agreement in respect of any such securities;

“private placement” means an issue of securities to an identified investor or category of investors other than by way of a rights issue which is offered pro-rata to the existing shareholders or a general offer to the public for subscription;

“persons acting in concert” means persons who pursuant to an agreement or understanding, whether formal or informal, co-operate, through the acquisition by any of them of any interests in shares in a company, or any other company, or to frustrate the successful outcome of an offer for a company. Without prejudice to the general application of this definition, the following persons shall be presumed to be persons acting in concert with each other unless the contrary is established to the satisfaction of the Commission: -

- (a) a company, its parent, subsidiaries and fellow subsidiaries, and each of their associate companies, and any person who has provided financial assistance (other than a bank licensed or a finance company registered by the Central Bank of Sri Lanka in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights, all with each other;

For the purposes of this paragraph, an “associate company” is a company as defined in terms of the Sri Lanka Accounting and Auditing Standards made under Sri Lanka Accounting and Auditing Standards Act, No.15 of 1995;

- (b) a company with any of its directors together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a fund manager with any investment company, unit trust or other person whose investments such fund manager manages; and
- (e) a person, a person’s relation and the related trusts of any of them, all with each other; For the purposes of this paragraph “relation” means a parent, spouse, child including step children, brother or sister including step brother or step sister of that person or the spouse of a child of that person;

“prospectus” shall have the same meaning as in the Companies Act, No. 7 of 2007;

“public notice” means a notice of any matter that is required to be given under this Act, which shall be given by publishing a

notice of that matter in at least one issue of the *Gazette* and in at least one issue of a daily newspaper in Sinhala, Tamil and English languages, circulating within Sri Lanka;

“registered person” means any person dealing with clients for and on behalf of a market intermediary and who is registered by the Commission under this Act;

“related company” means any subsidiary, associate or holding company or a subsidiary of the holding company of a body corporate;

“rights issue” means an issue of any share or shares to be issued in the future, of a listed public company to existing shareholders of such company, howsoever such issue is described or referred to, for consideration, and in proportion to the class of securities held by them in such company on the date of such offer;

“securities” include-

- (a) debentures, stocks, shares, funds, bonds, units in a collective investment scheme or any right, options or interests therein; or
- (b) derivatives including futures and options, whatever the nature of the underlying asset relied on; or
- (c) notes issued or proposed to be issued by any Government or any other incorporate or unincorporate body, but does not include bills of exchange or promissory notes or certificates of deposits issued by a bank, securities issued by the Government of Sri Lanka or the Central Bank of Sri Lanka or such other product or class of products prescribed as not being securities under section 182;

“securities market” means a market or other place or facility where –

- (a) offers to sell, purchase or exchange of securities are regularly made or accepted;
- (b) Offers or invitations that are intended, or may reasonably be expected to result, whether directly or indirectly, in the making or acceptance of offers to sell, purchase or exchange securities, are regularly made; or
- (c) information concerning the prices at which or the consideration for which, particular persons, or particular classes of persons, propose, or may reasonably be expected to sell, purchase or exchange securities is regularly provided, but shall not include a securities market regulated by the Central Bank of Sri Lanka for the purpose of this Act;

“share” shall have the same meaning as is given in the Companies Act, No.7 of 2007 or as recognised in another jurisdiction as a share under its laws;

“stock borrower” means a person who is engaged in the business of borrowing securities;

“stock exchange” means a body corporate licensed as a stock exchange by the Commission under this Act;

“supplementary service provider” includes an actuary, auditor, custodian, trustee, valuer or such person as may be specified by the Commission who provides professional services to a market institution, market intermediary or listed public company or to a collective investment scheme;

“trading participant” means a person who has access to the facilities of an exchange and is admitted as a trading participant under the rules of an exchange licensed by the Commission under this Act;

“whistleblower” means any individual or group of persons who provides, information relating to a violation or potential violation of the provisions of this Act, regulations, rules or directives made thereunder or any rule of a market institution.

189. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Employees’ Provident Fund (Amendment) Act, No. 23 of 2021

[Certified on 13th of October, 2021]

AN ACT TO AMEND THE EMPLOYEES’ PROVIDENT FUND ACT, NO. 15 OF 1958

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Employees’ Provident Fund (Amendment) Act, No. 23 of 2021 and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*.
2. Section 47 of the Employees’ Provident Fund Act, No. 15 of 1958 is hereby amended as follows:—
 - (1) in the definition of “employee”, by the substitution for the words “at any particular time;” of the words “at any particular

time, and does not include a detached worker for the period of time specified in a social security agreement applicable to such detached worker;”;

- (2) immediately after the definition of the expression “covered employment”, by the insertion of the following new definition:—

“ “ detached worker” means an international worker on a temporary assignment in covered employment in Sri Lanka and contributing to a social security programme in the country in which he is a citizen and who in terms of a social security agreement has been exempted from making any contribution under this Act for the period as set out in such agreement;”;

- (3) immediately after the definition of “employer”, by the insertion of the following new definition:—

“ “ international worker” means, an employee who is a citizen of a country other than Sri Lanka;”;

- (4) immediately after the definition of “regulation”, by the insertion of the following new definition:—

“ “ Social Security Agreement” means a bilateral agreement to which Sri Lanka is a party and which provides exemptions to citizens of one country working in another country, on temporary assignment as detached workers, from contributing to a social security programme in such other country;”.

3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Appropriation (Amendment) Act, No. 26 of 2021

[Certified on 12th of November, 2021]

AN ACT TO AMEND THE APPROPRIATION ACT, NO. 7 OF 2020

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Appropriation (Amendment) Act, No. 26 of 2021.
2. Section 2 of the Appropriation Act, No. 7 of 2020 is hereby amended in paragraph (b) of subsection (1) thereof, by the substitution for the words, “rupees two thousand nine hundred ninety seven billion” of the words “rupees three thousand three hundred ninety seven billion”.
3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Minimum Retirement Age of Workers Act, No. 28 of 2021

[Certified on 17th of November, 2021]

AN ACT TO PROVIDE FOR THE MINIMUM RETIREMENT AGE AT WHICH AN EMPLOYER MAY RETIRE ANY WORKER AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Minimum Retirement Age of Workers Act, No. 28 of 2021.

PART I

MINIMUM RETIREMENT AGE

2. Notwithstanding the provisions of any other writte law, a contract of service, collective agreement or any other form of contract of service, the minimum retirement age of a worker who has not attained the age of fifty two years on the date of operation of this Act or who is recruited after the date of coming into operation of this Act shall be upon such worker attaining the age of sixty years (hereinafter referred to as the “minimum retirement age”):

Provided that, the minimum retirement age of a worker who has reached the age of fifty two years or above, on the date of coming into operation of this Act, shall be deemed to be the age as specified in Schedule I.

3. (1) Any employer who employs fifteen or more workers shall not retire any worker other than the workers specified in Schedule II, and any worker engaged in any trade or occupation as shall be prescribed by regulation, from time to time, in keeping with the nature of the work until such worker attains the minimum retirement age:

Provided that, any employer may prematurely retire any worker in terms of the provisions of the contract of service or the collective agreement on following grounds:-

- (a) where any registered medical practitioner registered under the Medical Ordinance (Chapter 105) has certified that a worker is permanently incapacitate of engaging in work due to some sickness;
 - (b) where the service of a worker has been terminated as a result of any disciplinary inquiry and the decision of such termination has not been revised by law;
 - (c) upon closure or the destruction of an establishment due to any natural cause; or
 - (d) with the prior written approval of the Commissioner-General under the provisions of the Termination of Employment of Workmen (Special Provisions) Act, No. 45 of 1971.
- (2) The provisions of subsection (1) shall not apply to any employer who has employed fifteen workers or less than that on an average within the twelve months period prior to the retirement of any worker.
- (3) Any worker who wishes on his own to vacate his job prior to the minimum retirement age may on his own do so.
4. Any retirement age specified in a contract of service, collective agreement or any other form of contract of service entered into before or on or after the date of operation of this Act, as less than the minimum retirement age shall subject to the provisions of section 3 be deemed to be void and the minimum retirement age as specified in this Act shall apply in respect thereof.

PART II

COMPLAINTS AND INQUIRIES

5. (1) Any worker who has been prematurely retired by the employer other than in the manner specified in subsection (1) of section 3, may within two months from the date of such retirement, complain in writing to the Commissioner-General in respect of such retirement.
- (2) Where any worker has made a complaint to the Commissioner-General under subsection (1), the Commissioner-General shall, conduct an inquiry and within two months from the date of receipt of such complaint grant his final determination on the complaint.
- (3) Upon an inquiry under subsection (2), if the Commissioner-General is satisfied that-
- (a) the complaint made by the worker is not substantiated with supporting evidence, or such premature retirement is in accordance with the provisions of subsection (1) of section 3, the Commissioner-General shall dismiss such complaint; or
 - (b) the worker has been prematurely retired by his employer contrary to the provisions of this Act, the Commissioner-General shall by notice issued by him to the employer, direct the employer –
 - (i) to reinstate such worker from the date of such notice, in the same capacity in which the worker was employed prior to such retirement and to pay him his wages and all other benefits from the date of such retirement; or
 - (ii) where the Commissioner-General is of the opinion that reinstatement is impractical due to the closure of the establishment or commencement of liquidation process of the establishment in which such worker was employed, to pay the worker compensation in terms of the formula determined by the Commissioner-General as specified in section 6D of the Termination of Employment of Workmen (Special Provisions) Act, No.45 of 1971, based on the last paid wages to such worker up to the date of closure of such establishment or the date of commencement of liquidation of such establishment, as the case may be, in lieu of reinstatement.
- (4) Where any worker has prior to coming into operation of this Act made a complaint in terms of the Industrial Disputes Act (Chapter 131) or the Termination of Employment of Workmen (Special Provisions) Act, No.45 of 1971 to the Commissioner-General, a Labour Tribunal, an arbitrator or an Industrial Court against premature retirement and a final determination has not been made on such complaint by the Commissioner-General, Labour Tribunal, arbitrator or Industrial Court, the Commissioner-General has no power to inquire into a complaint made under this Act:
- Provided that, if the worker has made a complaint in terms of the Industrial Disputes Act (Chapter 131) or the Termination of Employment of Workmen (Special Provisions) Act, No.45 of 1971 against the premature retirement, such worker shall not be entitled to make a complaint under this Act.
6. (1) An employer who is dissatisfied with a decision of the Commissioner-General made under section 5 may make an application to the Court of Appeal against such decision, for the issue of an order in the nature of a writ. An employer who makes such application shall furnish to the Commissioner-General, a security in cash, where the order for which is

subject to such application directs –

- (a) only the payment of a sum of money to the worker, of an amount equal to such sum;
 - (b) both the payment of a sum of money to the worker and his reinstatement, of an amount equal to such sum and twelve times the monthly salary or wages of such worker that was at the time his contract of service was terminated. In the case of a daily paid worker, monthly salary or wages shall be twenty-six times the daily wages of such worker.
- (2) The Court of Appeal shall not entertain an application for the issue of an order in the nature of a writ where such application is not accompanied by a certificate of the Commissioner-General to the effect that the applicant has furnished the security in cash.
- (3) The Commissioner-General shall cause all monies furnished as security under this section, to be deposited in an account bearing interest, in any approved bank in Sri Lanka. The security shall be released to the relevant parties in terms of the final determination of the Court of Appeal or of the Supreme Court, as the case may be.

PART III

ADMINISTRATION OF THE ACT AND POWERS OF THE COMMISSIONER-GENERAL

7. The Commissioner-General of Labour shall be in charge of the administration of this Act and may delegate any of his powers, duties and functions under this Act to any officer of the Labour Department as authorized by the Commissioner-General of Labour.
8. (1) The Commissioner-General shall for the purposes of any inquiry in respect of a complaint made under section 5, have the following powers of a District Court -
- (a) to summon and compel the attendance of witnesses;
 - (b) to compel the production of documents; or
 - (c) to require the evidence of any witness to be given on oath or affirmation or cause to be administered by an officer authorized in that behalf by the Commissioner-General an oath or affirmation to every such witness.
- (2) The Commissioner-General may by notice in writing served on any employer direct such employer to furnish to him before a date as specified in such direction-
- (a) a return relating to all his workers or any class or description of such workers and any particulars as the Commissioner-General may require for the purposes of this Act;
 - (b) such information or explanation as the Commissioner-General may require in respect of any particulars stated in any return furnished by such employer; or
 - (c) certified true copies of the whole or any part of any register or record maintained by such employer.
- (3) Every person who –
- (a) fails without cause to appear before the Commissioner-General at the time and place mentioned in the summons issued by the Commissioner-General; or
 - (b) refuses to be sworn or affirmed as a witness before the Commissioner-General or any officer authorized by the Commissioner-General in that behalf;
 - (c) refuses to extend the assistance required by the Commissioner-General as necessary for entry or inspection or the exercise of his powers; or
 - (d) hinders or obstructs the Commissioner-General in the exercise of the powers conferred on the Commissioner-General; or
 - (e) refuses to produce any register or record of wages or give any information which the Commissioner-General requires him to produce or give under the powers conferred on the Commissioner-General; or
 - (f) makes or causes to be made any register or record of wages which is false in any material particular, or produces or causes or knowingly allows to be produced any such register or record to the Commissioner-General acting under the powers conferred on him, knowing the same to be false; or
 - (g) furnishes any information to the Commissioner-General acting under the powers conferred to him, knowingly the same to be false; or
 - (h) (i) fails without cause, or with cause which in the opinion of the Commissioner-General is unreasonable, to appear before the Commissioner-General at the time and place mentioned in any summons issued by the Commissioner-

General; or

- (ii) refuses or fails without cause or with cause which in the opinion of the Commissioner-General is unreasonable, to produce and show to the Commissioner-General any document which is in his possession or power and which is in the opinion of the Commissioner-General necessary for arriving at the truth of the matters being inquired into by the Commissioner-General; or
 - (iii) refuses to be affirmed or sworn in as a witness before the Commissioner-General; or
 - (iv) defaults in complying with any direction given by the Commissioner-General, or who when called upon to furnish a return knowingly makes or furnishes or caused to be furnished a false return or a return containing any false statement,
under this section, commits an offence and shall be liable on conviction thereof after summary trial before a Magistrate to a fine not exceeding five thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.
9. Any notice which is required by this Act to be served on or given to any person shall if it is not served on or given personally to such person, be deemed to have been duly served on or given to such person if it is sent to him by registered post addressed to the usual or last known place of abode or business of such person.
10. (1) The Minister may make regulations in respect of all matters which are stated or required by this Act to be prescribed or in respect of all matters for which regulations are required or authorized to be made by this Act.
- (2) Every regulation made by the Minister under this section shall be published in the *Gazette* and shall come into operation upon such publication or on such later date as may be specified in the regulation.
- (3) Every regulation made by the Minister under this section shall within three months from its publication in the *Gazette*, be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded from the date of such disapproval but without prejudice to anything previously done thereunder.

PART IV

OFFENCES AND PENALTIES

11. Any employer who contravenes the provisions of subsection (1) of section 3 commits an offence and shall on conviction be liable to a fine not exceeding five thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.
12. (1) An employer who fails to comply with a direction specified in the notice issued by the Commissioner-General under section 5, commits an offence and shall be liable on conviction after summary trial by a Magistrate to a fine not less than five thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.
- (2) The burden of proof that the employer has complied with the directions of the notice issued by the Commissioner-General under section 5 shall lie on such employer.
- (3) Upon conviction of an employer under this section, such employer shall –
- (a) pay in addition to the fine such employer is liable to pay under subsection (1), an additional fine of one hundred rupees in respect of each day he continues to fail to comply with such direction after conviction;
 - (b) pay to the worker the wages, benefits or compensation under paragraph (b) of subsection (3) of section 5, which would have been payable to such worker if such worker had been in employment without being retired for the period commencing on the date specified in the notice issued under section 5 and ending on the date of conviction of such employer;
 - (c) where the worker attains the minimum retirement age prior to the date of conviction of such employer, pay to the worker the wages, benefits or compensation until the date on which he attains the minimum retirement age.
- (4) Any sum which an employer is liable to pay under paragraph (b) of subsection (3) may be recovered by the order of the Court by which such employer was convicted as if it were a fine imposed on the employer by that Court and the amount so recovered shall be paid to the worker.
13. Where any offence under this Act is committed by a body of persons, then, if such body –
- (a) is a body corporate, every director and officer of that body corporate;
 - (b) is a firm, every partner of that firm ;

- (c) if such body of persons is a trade union, every officer of that trade union; and
- (d) is a body other than a firm or trade union and unincorporated, the president, manager, secretary and every officer of such body,

shall be deemed to be guilty of that offence:

Provided that, no such person shall be deemed to be guilty of an offence under this Act, if such person proves that such offence was committed without his knowledge or he exercised all due diligence to prevent the commission of such offence.

14. Where any person –

- (a) insults or intimidates the Commissioner-General during the progress of any inquiry conducted by the Commissioner-General under this Act; or
- (b) interferes with the lawful process of such inquiry conducted by the Commissioner-General, such person commits the offence of contempt against the Commissioner-General.

15. Every offence under this Act shall be triable summarily by a Magistrate having jurisdiction in the division of the place where the worker was last employed.

16. The proceedings at any inquiry held by the Commissioner-General for the purposes of this Act shall be conducted by the Commissioner-General in any manner not inconsistent with the principles of natural justice.

17. (1) Where any employer is charged with an offence under this Act, such employer shall upon complaint duly made by him in accordance with the provisions of section 136 of the Code of Criminal Procedure Act, No.15 of 1979 and on giving to the prosecution not less than three days' notice of his intention, be entitled subject to the provisions of Chapter XIV of that Act to have any other person whom he charges as the actual offender, brought before the court, and if after commission of the offence by such other person has been proved, the employer proves to the satisfaction of the court that he has used due diligence to enforce the provisions of this Act and that such other person has committed the offence without his knowledge, consent or connivance, then, that such other person shall be convicted of the offence and the employer shall be exempt from any punishment in respect of the offence.

(2) Where in any case referred to in subsection (1), a complaint is made by an employer against any other person –

- (a) the prosecution against such other person shall be conducted by or on behalf of the employer;
- (b) any witness called by the prosecution in the proceedings against such other person may be cross examined by any officer authorized in that behalf by the Commissioner-General; and
- (c) pending the determination of the proceedings against such other person, the proceedings in the prosecution of the employer shall be adjourned.

18. In this Act, unless the context otherwise requires –

“Commissioner-General” means the Commissioner-General of Labour and includes any Additional Commissioner-General of Labour, Commissioner of Labour, Deputy Commissioner of Labour, an Assistant Commissioner of Labour or any Labour Officer;

“employer” means any person who employs any worker or causes to be employed any worker on behalf of any other person and includes a body of employers whether such body is a firm, company, corporation, trade union or a body unincorporated, but does not include the state or Government or any such other person or such body which are excluded from any provision or any regulation made under the provisions of this Act;

“employment of casual nature” means an employment of a worker not in excess of hundred and eighty days in any one calendar year;

“fixed term employment” means a written contract of employment for a fixed term of time, specified in days, months or years between an employer and a worker and includes a consecutive fixed term contract entered into with the same individual where such contract is specifically linked to the performance of a particular task or project and the employer retains the services of such worker after the end of such fixed term contract without entering into a new employment for more than twelve calendar months, which shall be deemed to have extended for a length of time identical to the existing fixed term employment contract;

“probationary worker” means a worker who works for a period of not exceeding 180 days within which such period the employer has the sole discretion to decide whether such worker is suitable for a particular position and if not may decide to extend such period for a maximum period of hundred and eighty days, and does not include a worker if such worker has been employed in the same post or performed the same work previously on any contract of service with that employer;

“seasonal employment contract” means a written contract of employment between an employer and a worker in respect of a

specified seasonal work for a time to be specified in such contract in days or months and entered into on an actual or other basis and which shall not be deemed indefinite term contract if the time of engagement in each twelve month period shall not exceed six months;

"worker" shall have the same meaning assigned to the term "workman" in the Industrial Disputes Act (Chapter 131);

"wages" means the basic salary or salary and the cost of living allowance or any other similar allowance.

19. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

SCHEDULE I

section 2

<i>Age of worker as at the date of coming into operation of the Minimum Age of Workers Act</i>	<i>Minimum Retirement Age</i>
54 or above and below 55 years	57 years
53 or above and below 54 years	58 years
52 or above and below 53 years	59 years
Below 52 years	60 years

SCHEDULE II

section 3(1)

1. Any worker in the public sector.
2. Any worker in any statutory body established under written law.
3. Any worker of Government owned business undertakings registered under the Companies Act, No. 7 of 2007.
4. Any worker in any Provincial Council or Local Authority.
5. Any worker recruited by any registered society within the meaning of the Cooperative Societies Law, No. 5 of 1972.
6. Any worker of a charitable institution that has been identified by section 68 of the Inland Revenue Act, No. 24 of 2017.
7. Any worker entered into any contract of service for training in any trade or occupation.
8. Any apprentice or trainee in any wages board established under the Wages Boards Ordinance (Chapter 136).
9. Any apprentice or trainee covered by the Tertiary and Vocational Education Act, No. 20 of 1990 or the Employment of Trainees (Private Sector) Act, No. 8 of 1978.
10. Any worker who enters into and works under a fixed term employment contract or casual employment contract.
11. Any worker who enters into and works under a contract of fixed term employment with an employer.
12. Any worker who enters into and works under a seasonal employment contract with an employer.
13. Any part time worker who enters into contract of service with an employer.
14. Any probationary worker who enters into contract of service with an employer.
15. Any daily paid worker who engages in an employment of casual nature.
16. Any student who serves under a contract for a temporary term of employment during study leave.
17. Any domestic service.
18. Any worker who serves under a contract for an assignment basis employment, entered into with an employer.

Termination of Employment of Workmen (Special Provisions) (Amendment) Act, No. 29 of 2021

[Certified on 17th of November, 2021]

AN ACT TO AMEND THE TERMINATION OF EMPLOYMENT OF WORKMEN (SPECIAL PROVISIONS) ACT, NO. 45 OF 1971

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Termination of Employment of Workmen (Special Provisions) (Amendment) Act, No. 29 of 2021.
2. Section 3 of the Termination of Employment of Workmen (Special Provisions) Act, No. 45 of 1971 is hereby amended in subsection (1) thereof, by the repeal of paragraph (c) and the substitution therefore of the following:—

"(c) to the termination of employment of any workman where such termination was effected upon such workman attains the minimum retirement age as specified in the Minimum Retirement Age of Workers Act, No. 28 of 2021;"
3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Appropriation Act, No. 30 of 2021

[Certified on 10th of December, 2021]

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR 2022; TO AUTHORIZE THE RAISING OF LOANS IN OR OUTSIDE SRI LANKA, FOR THE PURPOSE OF SUCH SERVICE; TO MAKE FINANCIAL PROVISION IN RESPECT OF CERTAIN ACTIVITIES OF THE GOVERNMENT DURING THAT FINANCIAL YEAR; TO ENABLE THE PAYMENT BY WAY OF ADVANCES OUT OF THE CONSOLIDATED FUND OR ANY OTHER FUND OR MONEYS, OF OR AT THE DISPOSAL OF THE GOVERNMENT, OF MONEYS REQUIRED DURING THAT FINANCIAL YEAR FOR EXPENDITURE ON SUCH ACTIVITIES; TO PROVIDE FOR THE REFUND OF SUCH MONEYS TO THE CONSOLIDATED FUND AND TO MAKE PROVISION FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Appropriation Act, No. 30 of 2021.
2. (1) Without prejudice to anything in any other law authorizing any expenditure and subject to the provisions of subsection (4) of this section, the expenditure of the Government which is estimated to be rupees two thousand seven hundred ninety six billion four hundred forty six million five hundred fifty eight thousand for the service of the period beginning on January 1, 2022 and ending on December 31, 2022 (in this Act referred to as the “financial year 2022”), shall be met –
 - (a) from payments which are hereby authorized to be made out of the Consolidated Fund or any other fund or moneys, of or at the disposal of the Government; and
 - (b) from borrowing made in the financial year 2022, which are hereby authorized in terms of relevant laws for moneys to be raised whether in or outside Sri Lanka, for and on behalf of the Government, provided that the balance outstanding of such borrowing at any given time during the financial year 2022 or at the end of the financial year 2022 shall not exceed rupees three thousand two hundred billion and the details of such loans shall be incorporated in the Final Budget Position Report which is required to be tabled in Parliament under section 13 of the Fiscal Management (Responsibility) Act, No. 3 of 2003:

Provided that, the difference between the total short-term borrowing raised during the financial year 2022 and the total settlement of short-term borrowing made during the financial year 2022 shall only be considered in deciding the volume of short-term borrowing for the purposes of calculating the borrowing made during the financial year 2022 as specified in this section.

 - (2) The sum of rupees two thousand seven hundred ninety six billion four hundred forty six million five hundred fifty eight thousand referred to in subsection (1), may be expended as specified in the First Schedule to this Act.
 - (3) The provisions of subsection (1) shall have effect without prejudice to the provisions of any other written law, authorizing the raising of loans for and on behalf of the Government.
 - (4) The estimated expenditure of the Government authorized by laws to be charged on the Consolidated Fund, shall be rupees two thousand six hundred twenty three billion one hundred twenty three million four hundred forty two thousand for the service of the period beginning on January 1, 2022 and ending on December 31, 2022. The Expenditure Heads and the laws under which such expenditure is authorized to be made, are as specified in the Second Schedule to this Act.
3. (1) The receipts of the Government during the financial year 2022, from each activity specified in Column I of the Third Schedule to this Act, shall be credited to the account of such activity, but the aggregate of receipts so credited shall not be less than the minimum limit specified in the corresponding entry in Column III of that Schedule. The net surplus, if any, of such activity, shall be paid to the Consolidated Fund before the expiry of six months after the close of the financial year 2022.
- (2) For the purpose of determining the net surplus under subsection (1), the following charges shall be set off against the revenue of each activity:-
 - (a) the working, establishment and other expenses of the activity, whether paid or accrued, properly chargeable to the revenue of the activity; and
 - (b) provision to cover the depreciation of the movable and immovable property of the activity.
- (3) The expenditure incurred by the Government during the financial year 2022 on each activity specified in Column I of the Third Schedule to this Act, shall be paid out of the receipts of the Government from such activity during that financial year, but such expenditure shall not exceed the maximum limit specified in the corresponding entry in Column II of that Schedule.

- (4) The debit balance outstanding at the end of the financial year 2022, of any activity specified in Column I of the Third Schedule to this Act, shall not exceed the maximum limit specified in the corresponding entry in Column IV of that Schedule and the total liabilities of that activity at the end of that financial year, shall not exceed the maximum limit specified in the corresponding entry in Column V of that Schedule.
4. Whenever at any time during the financial year 2022, the receipts of the Government from any activity specified in Column I of the Third Schedule to this Act are insufficient to meet the expenditure incurred by the Government on such activity, the Minister may, from time to time, by Order, direct that such sums as he may deem necessary to meet such expenditure shall be payable by way of advances, out of the Consolidated Fund or any other fund or moneys, of or at the disposal of the Government, so however that the aggregate of the sums so advanced shall not exceed the maximum limit of expenditure specified in the corresponding entry in Column II of that Schedule. Any sum so advanced in respect of such activity shall be refunded to the Consolidated Fund in such manner, as the Minister may by Order direct.
5. (1) Any moneys which by virtue of the provisions of the First Schedule to this Act, have been allocated to Recurrent Expenditure under any Programme appearing under any Head specified in that Schedule, but have not been expended or are not likely to be expended, may be transferred to the allocation of Capital Expenditure within that Programme or to the allocation of Recurrent Expenditure or Capital Expenditure under any other Programme within that Head, by Order of the Secretary to the Treasury or by Order either of a Deputy Secretary to the Treasury or the Director General of the National Budget Department, who may be authorized in that behalf by the Secretary to the Treasury.
- (2) No moneys allocated to Capital Expenditure under any Programme appearing under any Head specified in the First Schedule to this Act, shall be transferred out of that Programme or to any allocation of Recurrent Expenditure of that Programme.
6. (1) Any money allocated to Recurrent Expenditure or Capital Expenditure under the "Development Activities" Programme, appearing under the Head, "Department of National Budget" specified in the First Schedule, may be transferred subject to guidelines stipulated in Printed Budget Estimates approved by Parliament for the relevant year, to any other Programme under any other Head in that Schedule, by Order of the Secretary to the Treasury or by Order either of a Deputy Secretary to the Treasury or the Director General of the National Budget Department, who may be authorized in that behalf by the Secretary to the Treasury. The money so transferred shall be deemed to be a supplementary allocation made to the particular Ministry, and a report containing the amount of money so transferred and the reasons for the transfer, shall be submitted to Parliament within two months of the date of the said transfer:
- Provided that, implementing this section, Ministries, Government Departments and Public Institutions shall not make requests for supplementary allocations in financial year 2022 to implement new programmes and Projects.
- (2) Details of all transfers made under subsection (1), including the reasons for such transfers, shall be incorporated in the reports relating to the Government's fiscal performance, which are required to be tabled in Parliament under the provisions of the Fiscal Management (Responsibility) Act, No.3 of 2003.
7. Where the Minister is satisfied-
- (a) that receipts from taxes and other sources will be less than the amounts anticipated to finance authorized expenditure; or
- (b) that amounts originally appropriated for a particular purpose or purposes are no longer required,
- he may with the approval of the Government, withdraw in whole or in part any amounts previously released for expenditure under the authority of a warrant issued by him, from the Consolidated Fund or from any other fund or moneys, of or at the disposal of the Government, to meet any authorized expenditure and the details of all such withdrawals shall be incorporated in the Final Budget Position Report which is required to be tabled in Parliament under section 13 of the Fiscal Management (Responsibility) Act, No. 3 of 2003.
8. (1) The Minister with the approval of the Government may, on or before May 31, 2023, by Order, vary or alter-
- (a) any of the maximum limits specified in Column II, Column IV and Column V; and
- (b) the minimum limits specified in Column III,
- of the Third Schedule to this Act.

- (2) No Order made under subsection (1) shall have effect, unless it has been approved by Parliament by Resolution.
- (3) Any Order made under subsection (1) shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making such Order, as may be specified therein.
9. Parliament may by Resolution amend the Third Schedule to this Act, by adding to the appropriate Columns of that Schedule any activity and providing for -
- (a) all or any of the maximum limits relating to such activity; and
- (b) the minimum limit relating to such activity.
10. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

FIRST SCHEDULE
ESTIMATE — 2022
Sums Payable for General Services

(Section 2, 5 and 6)

Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
Head 1 - 25	Special Spending Units		
	Recurrent	11,484,125,000	
	Capital	1,177,455,000	
Made up as follows:-			
Head 1	His Excellency the President		
	Programme 01 Operational Activities	2,309,980,000	378,820,000
	Programme 02 Development Activities		100,000,000
Head 2	Office of the Prime Minister		
	Programme 01 Operational Activities	1,172,450,000	219,500,000
Head 4	Judges of the Superior Courts		
	Programme 01 Operational Activities	301,900,000	12,300,000
Head 5	Office of the Cabinet of Ministers		
	Programme 01 Operational Activities	177,150,000	26,300,000
Head 6	Office of the Public Service Commission		
	Programme 01 Operational Activities	256,053,000	12,000,000
Head 7	Judicial Service Commission		
	Programme 01 Operational Activities	109,922,000	1,450,000
Head 8	National Police Commission		
	Programme 01 Operational Activities	134,600,000	4,710,000
Head 9	Administrative Appeals Tribunal		
	Programme 01 Operational Activities	31,155,000	200,000
Head 10	Commission to Investigate Allegations of Bribery or Corruption		
	Programme 01 Operational Activities	534,405,000	52,500,000
Head 11	Office of the Finance Commission		
	Programme 01 Operational Activities	94,616,000	4,700,000
Head 13	Human Rights Commission of Sri Lanka		
	Programme 01 Operational Activities	221,264,000	2,600,000
Head 16	Parliament		
	Programme 01 Operational Activities	2,931,850,000	195,200,000
Head 17	Office of the Leader of the House of Parliament		
	Programme 01 Operational Activities	59,100,000	1,250,000
Head 18	Office of the Chief Govt. Whip of Parliament		
	Programme 01 Operational Activities	137,100,000	1,800,000
Head 19	Office of the Leader of the Opposition of Parliament		
	Programme 01 Operational Activities	154,880,000	17,800,000
Head 20	Election Commission		
	Programme 01 Operational Activities	860,600,000	107,000,000
Head 21	National Audit Office		
	Programme 01 Operational Activities	1,959,200,000	39,000,000

Head 22	Office of the Parliamentary Commissioner for Administration		
	Programme 01 Operational Activities	25,830,000	200,000
Head 25	Delimitation Commission		
	Programme 01 Operational Activities	12,070,000	125,000

Ministry of Buddhasasana, Religious and Cultural Affairs**Recurrent 3,980,000,000****Capital 1,775,000,000**

Made up as follows :-

Head 101	Minister of Buddhasasana, Religious and Cultural Affairs		
	Programme 01 Operational Activities	414,000,000	144,000,000
	Programme 02 Development Activities	727,000,000	855,000,000
Head 201	Department of Buddhist Affairs		
	Programme 01 Operational Activities	84,000,000	9,000,000
	Programme 02 Development Activities	1,073,000,000	79,000,000
Head 202	Department of Muslim Religious and Cultural Affairs		
	Programme 02 Development Activities	154,000,000	27,000,000
Head 203	Department of Christian Religious Affairs		
	Programme 02 Development Activities	198,000,000	42,000,000
Head 204	Department of Hindu Religious and Cultural Affairs		
	Programme 02 Development Activities	209,000,000	57,000,000
Head 206	Department of Cultural Affairs		
	Programme 01 Operational Activities	140,000,000	6,000,000
	Programme 02 Development Activities	581,000,000	220,000,000
Head 208	Department of National Museums		
	Programme 01 Operational Activities	50,000,000	14,000,000
	Programme 02 Development Activities	191,000,000	191,000,000
Head 209	Department of National Archives		
	Programme 01 Operational Activities	89,000,000	10,000,000
	Programme 02 Development Activities	70,000,000	121,000,000

State Ministry of National Heritage, Performing Arts and Rural Arts Promotion**Recurrent 1,498,000,000****Capital 300,000,000**

Made up as follows :-

Head 401	State Minister of National Heritage Performing Arts and Rural Arts Promotion		
	Programme 01 Operational Activities	180,500,000	8,500,000
	Programme 02 Development Activities	166,500,000	145,500,000
Head 207	Department of Archaeology		
	Programme 01 Operational Activities	266,000,000	6,000,000
	Programme 02 Development Activities	885,000,000	140,000,000

Ministry of Finance**Recurrent 131,731,805,000****Capital 110,285,188,000**

Made up as follows :-

Head 102	Minister of Finance		
	Programme 01 Operational Activities	2,371,550,000	187,025,000
	Programme 02 Development Activities	-	1,267,000,000
Head 238	Department of Fiscal Policy		
	Programme 01 Operational Activities	71,560,000	625,000
Head 239	Department of External Resources		
	Programme 01 Operational Activities	322,900,000	1,262,825,000
Head 240	Department of National Budget		
	Programme 01 Operational Activities	218,300,000	277,500,000
	Programme 02 Development Activities	40,276,000,000	30,524,783,000

Head 241	Department of Public Enterprises		
	Programme 01 Operational Activities	593,000,000	44,503,500,000
Head 242	Department of Management Services		
	Programme 01 Operational Activities	108,450,000	2,050,000
Head 243	Department of Development Finance		
	Programme 01 Operational Activities	14,319,350,000	925,000
	Programme 02 Development Activities	-	18,739,580,000
Head 244	Department of Trade and Investment Policies		
	Programme 01 Operational Activities	55,250,000	2,225,000
Head 245	Department of Public Finance		
	Programme 01 Operational Activities	77,450,000	6,850,000
Head 246	Department of Inland Revenue		
	Programme 01 Operational Activities	4,186,600,000	1,135,000,000
Head 247	Sri Lanka Customs		
	Programme 01 Operational Activities	3,332,300,000	1,558,625,000
Head 248	Department of Excise		
	Programme 01 Operational Activities	1,517,750,000	282,000,000
Head 249	Department of Treasury Operations		
	Programme 01 Operational Activities	63,641,250,000	10,480,300,000
Head 250	Department of State Accounts		
	Programme 01 Operational Activities	76,900,000	18,350,000
Head 296	Department of Import and Export Control		
	Programme 01 Operational Activities	97,975,000	32,250,000
Head 297	Department of the Registrar of Companies		
	Programme 01 Operational Activities	72,500,000	-
Head 323	Department of Legal Affairs		
	Programme 01 Operational Activities	21,250,000	375,000
Head 324	Department of Management Audit		
	Programme 01 Operational Activities	58,900,000	1,150,000
Head 329	Department of Information Technology Management		
	Programme 01 Operational Activities	312,570,000	2,250,000

**State Ministry of Samurdhi Household Economy, Micro-finance,
Self Employment and Business Development**

Recurrent 73,863,650,000
Capital 1,166,000,000

Made up as follows :-

Head 414	State Minister of Samurdhi Household Economy, Micro-finance, Self Employment and Business Development		
	Programme 01 Operational Activities	420,050,000	55,700,000
	Programme 02 Development Activities	6,923,600,000	793,600,000
Head 331	Department of Samurdhi Development		
	Programme 01 Operational Activities	418,500,000	8,700,000
	Programme 02 Development Activities	66,101,500,000	308,000,000

Ministry of Defence

Recurrent 326,295,860,000
Capital 46,750,000,000

Made up as follows :-

Head 103	Minister of Defence		
	Programme 01 Operational Activities	5,978,170,000	14,017,750,000
	Programme 02 Development Activities	7,172,000,000	456,400,000
Head 222	Sri Lanka Army		
	Programme 01 Operational Activities	180,740,190,000	7,404,280,000
Head 223	Sri Lanka Navy		
	Programme 01 Operational Activities	54,726,300,000	9,244,480,000
Head 224	Sri Lanka Air Force		
	Programme 01 Operational Activities	41,161,200,000	14,913,590,000

Head 320	Department of Civil Security		
	Programme 01 Operational Activities	18,154,450,000	177,500,000
Head 325	Department of Sri Lanka Coast Guard		
	Programme 01 Operational Activities	67,700,000	451,000,000
Head 334	Department of Multi-purpose Development Task Force		
	Programme 01 Operational Activities	18,295,850,000	85,000,000

State Ministry of Home Affairs

Recurrent	33,646,000,000
Capital	88,775,000,000

Made up as follows :-

Head 409	State Minister of Home Affairs		
	Programme 01 Operational Activities	10,487,000,000	136,000,000
	Programme 02 Development Activities	-	1,740,000,000
Head 255	District Secretariat, Colombo		
	Programme 01 Operational Activities	1,032,000,000	5,072,000,000
Head 256	District Secretariat, Gampaha		
	Programme 01 Operational Activities	1,304,000,000	7,747,000,000
Head 257	District Secretariat, Kalutara		
	Programme 01 Operational Activities	1,171,000,000	4,606,000,000
Head 258	District Secretariat, Kandy		
	Programme 01 Operational Activities	1,531,000,000	6,674,000,000
Head 259	District Secretariat, Matale		
	Programme 01 Operational Activities	798,000,000	3,008,000,000
Head 260	District Secretariat, Nuwara-Eliya		
	Programme 01 Operational Activities	571,000,000	2,959,000,000
Head 261	District Secretariat, Galle		
	Programme 01 Operational Activities	1,463,000,000	5,102,000,000
Head 262	District Secretariat, Matara		
	Programme 01 Operational Activities	1,244,000,000	3,779,000,000
Head 263	District Secretariat, Hambantota		
	Programme 01 Operational Activities	925,000,000	3,318,000,000
Head 264	District Secretariat/ Kachcheri - Jaffna		
	Programme 01 Operational Activities	1,099,000,000	2,616,000,000
Head 265	District Secretariat/ Kachcheri - Mannar		
	Programme 01 Operational Activities	304,000,000	839,000,000
Head 266	District Secretariat/ Kachcheri - Vavuniya		
	Programme 01 Operational Activities	295,000,000	758,000,000
Head 267	District Secretariat/ Kachcheri - Mullaitivu		
	Programme 01 Operational Activities	341,000,000	730,000,000
Head 268	District Secretariat/ Kachcheri - Killinochchi		
	Programme 01 Operational Activities	324,000,000	574,000,000
Head 269	District Secretariat/ Kachcheri - Batticaloa		
	Programme 01 Operational Activities	866,000,000	2,218,000,000
Head 270	District Secretariat, Ampara		
	Programme 01 Operational Activities	1,117,000,000	3,325,000,000
Head 271	District Secretariat/ Kachcheri - Trincomalee		
	Programme 01 Operational Activities	570,000,000	1,614,000,000
Head 272	District Secretariat, Kurunegala		
	Programme 01 Operational Activities	2,133,000,000	8,392,000,000
Head 273	District Secretariat, Puttalam		
	Programme 01 Operational Activities	848,000,000	3,302,000,000
Head 274	District Secretariat, Anuradhapura		
	Programme 01 Operational Activities	1,057,000,000	4,266,000,000
Head 275	District Secretariat - Polonnaruwa		
	Programme 01 Operational Activities	556,000,000	1,875,000,000
Head 276	District Secretariat - Badulla		
	Programme 01 Operational Activities	907,000,000	3,799,000,000
Head 277	District Secretariat, Monaragala		

Head 278	Programme 01	Operational Activities	606,000,000	2,242,000,000
	District Secretariat, Rathnapura			
Head 279	Programme 01	Operational Activities	1,100,000,000	4,023,000,000
	District Secretariat, Kegalle			
	Programme 01	Operational Activities	997,000,000	4,061,000,000

State Ministry of National Security and Disaster Management

Recurrent	6,168,195,000
Capital	4,286,570,000

Made up as follows :-

Head 442	State Minister of National Security and Disaster Management			
	Programme 01	Operational Activities	760,623,000	125,020,000
	Programme 02	Development Activities	841,762,000	2,942,500,000
Head 226	Department of Immigration and Emigration			
	Programme 01	Operational Activities	1,895,500,000	727,000,000
Head 254	Department of Registrar General			
	Programme 01	Operational Activities	2,326,060,000	61,750,000
Head 304	Department of Meteorology			
	Programme 02	Development Activities	344,250,000	430,300,000

Ministry of Economic Policies & Plan Implementation

Recurrent	2,022,800,000
Capital	5,064,500,000

Made up as follows :-

Head 104	Minister of Economic Policies & Plan Implementation			
	Programme 01	Operational Activities	337,450,000	893,100,000
Head 237	Department of National Planning			
	Programme 01	Operational Activities	153,770,000	3,595,770,000
Head 251	Department of Valuation			
	Programme 01	Operational Activities	500,100,000	29,700,000
Head 252	Department of Census and Statistics			
	Programme 01	Operational Activities	999,300,000	545,700,000
Head 333	Office of the Comptroller General			
	Programme 01	Operational Activities	32,180,000	230,000

Ministry of Mass Media

Recurrent	18,624,060,000
Capital	1,672,000,000

Made up as follows :-

Head 105	Minister of Mass Media			
	Programme 01	Operational Activities	248,915,000	572,100,000
	Programme 02	Development Activities	66,450,000	125,250,000
Head 210	Department of Government Information			
	Programme 01	Operational Activities	297,665,000	94,379,000
Head 211	Department of Government Printing			
	Programme 01	Operational Activities	3,160,080,000	288,300,000
Head 308	Department of Posts			
	Programme 02	Development Activities	14,850,950,000	591,971,000

Ministry of Justice

Recurrent	12,812,460,000
Capital	11,937,000,000

Made up as follows :-

Head 110	Minister of Justice			
	Programme 01	Operational Activities	2,506,425,000	8,073,690,000

Head 205	Department of Public Trustee		
	Programme 01 Operational Activities	69,475,000	3,700,000
Head 228	Courts Administration		
	Programme 01 Operational Activities	7,851,750,000	3,308,200,000
Head 229	Attorney General's Department		
	Programme 01 Operational Activities	1,545,000,000	329,000,000
Head 230	Legal Draftsman's Department		
	Programme 01 Operational Activities	125,200,000	10,500,000
Head 231	Department of Debt Conciliation Board		
	Programme 01 Operational Activities	35,850,000	1,000,000
Head 233	Department of Government Analyst		
	Programme 01 Operational Activities	416,300,000	206,500,000
Head 234	Office of the Registrar of the Supreme Court		
	Programme 01 Operational Activities	246,550,000	3,200,000
Head 235	Law Commission of Sri Lanka		
	Programme 01 Operational Activities	15,910,000	1,210,000

State Ministry of Prison Management and Prisoners' Rehabilitation

Recurrent	8,462,930,000
Capital	1,390,000,000

Made up as follows :-

Head 418	State Minister of Prison Management and Prisoners' Rehabilitation		
	Programme 01 Operational Activities	377,370,000	928,800,000
Head 232	Department of Prisons		
	Programme 01 Operational Activities	7,601,500,000	448,000,000
Head 326	Department of Community Based Corrections		
	Programme 01 Operational Activities	484,060,000	13,200,000

Ministry of Health

Recurrent	121,528,998,000
Capital	37,000,000,000

Made up as follows :-

Head 111	Minister of Health		
	Programme 01 Operational Activities	103,535,998,000	2,272,500,000
	Programme 02 Development Activities	17,993,000,000	34,727,500,000

State Ministry of Indigenous Medicine Promotion , Rural and Ayurvedic Hospitals Development and Community Health

Recurrent	2,179,000,000
Capital	100,000,000

Made up as follows :-

Head 416	State Minister of Indigenous Medicine Promotion , Rural and Ayurvedic Hospitals Development and Community Health		
	Programme 01 Operational Activities	360,000,000	17,000,000
	Programme 02 Development Activities	-	10,000,000
Head 220	Department of Ayurveda		
	Programme 01 Operational Activities	122,000,000	7,000,000
	Programme 02 Development Activities	1,697,000,000	66,000,000

State Ministry of Production, Supply and Regulation of Pharmaceuticals

Recurrent	65,730,000,000
Capital	400,000,000

Made up as follows :-

Head 423	State Minister of Production, Supply and Regulation of Pharmaceuticals		
	Programme 01 Operational Activities	65,730,000,000	25,000,000
	Programme 02 Development Activities	-	375,000,000

State Ministry of Primary Health Care, Epidemics and Covid Disease Control

Recurrent 12,650,000,000
Capital 150,000,000

Made up as follows :-

Head 441	State Minister of Primary Health Care, Epidemics and Covid Disease Control		
	Programme 01	Operational Activities	118,000,000
	Programme 02	Development Activities	11,822,000,000
Head 216	Department of Social Services		
	Programme 01	Operational Activities	83,000,000
	Programme 02	Development Activities	627,000,000

Foreign Ministry

Recurrent 12,726,350,000
Capital 463,000,000

Made up as follows :-

Head 112	Foreign Minister		
	Programme 01	Operational Activities	52,400,000
	Programme 02	Development Activities	12,673,950,000

State Ministry of Regional Cooperation

Recurrent 113,200,000
Capital 7,000,000

Made up as follows :-

Head 419	State Minister of Regional Cooperation		
	Programme 01	Operational Activities	113,200,000

Ministry of Transport

Recurrent 16,689,950,000
Capital 16,540,000,000

Made up as follows :-

Head 114	Minister of Transport		
	Programme 01	Operational Activities	291,000,000
	Programme 02	Development Activities	650,000,000
Head 306	Department of Sri Lanka Railways		
	Programme 02	Development Activities	15,748,950,000

State Ministry of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry

Recurrent 9,215,050,000
Capital 3,000,000,000

Made up as follows :-

Head 436	State Minister of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry		
	Programme 01	Operational Activities	120,050,000
	Programme 02	Development Activities	7,210,000,000
Head 307	Department of Motor Traffic		
	Programme 02	Development Activities	1,885,000,000

Ministry of Energy

Recurrent 217,900,000
Capital 34,000,000

Made up as follows :-

Head 115	Minister of Energy		
	Programme 01	Operational Activities	217,900,000

Ministry of Trade

Recurrent	16,248,000,000
Capital	3,200,000,000

Made up as follows :-

Head 116	Minister of Trade		
	Programme 01	Operational Activities	329,000,000
	Programme 02	Development Activities	15,475,000,000
Head 295	Department of Commerce		16,000,000
	Programme 01	Operational Activities	2,905,000,000
Head 298	Department of Measurement Units, Standards and Services		
	Programme 01	Operational Activities	145,000,000
Head 299	National Intellectual Property Office of Sri Lanka		8,000,000
	Programme 01	Operational Activities	160,800,000
Head 300	Department of Food Commissioner		-
	Programme 01	Operational Activities	45,300,000
			-
			92,900,000
			271,000,000

State Ministry of Co-operative Services, Marketing Development and Consumer Protection

Recurrent	863,000,000
Capital	15,146,000,000

Made up as follows :-

Head 438	State Minister of Cooperative Services, Marketing Development and Consumer Protection		
	Programme 01	Operational Activities	149,700,000
	Programme 02	Development Activities	49,800,000
Head 301	Department of Co-operative Development (Registrar of Co-operative Societies)		15,030,000,000
	Programme 01	Operational Activities	85,000,000
Head 302	Co-operative Employees Commission		64,500,000
	Programme 01	Operational Activities	21,300,000
			1,700,000

Ministry of Highways

Recurrent	191,200,000
Capital	270,000,000,000

Made up as follows :-

Head 117	Minister of Highways		
	Programme 01	Operational Activities	191,200,000
	Programme 02	Development Activities	8,300,000
			269,991,700,000

State Ministry of Rural Roads and Other Infrastructure

Recurrent	76,000,000
Capital	10,000,000,000

Made up as follows :-

Head 435	State Minister of Rural Roads and other Infrastructure		
	Programme 01	Operational Activities	76,000,000
	Programme 02	Development Activities	4,000,000
			9,996,000,000

Ministry of Agriculture

Recurrent	9,838,000,000
Capital	23,557,100,000

Made up as follows :-

Head 118	Minister of Agriculture		
	Programme 01	Operational Activities	837,500,000
	Programme 02	Development Activities	37,100,000
Head 285	Department of Agriculture		22,000,000,000
	Programme 01	Operational Activities	514,500,000
	Programme 02	Development Activities	61,500,000
			4,346,000,000
			1,458,500,000

State Ministry of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry and Minor Economic Crop Cultivation

Recurrent 233,300,000
Capital 292,000,000

Made up as follows :-

Head 407	State Minister of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry and Minor Economic Crop Cultivation		
	Programme 01	Operational Activities	115,300,000
	Programme 02	Development Activities	118,000,000
			17,000,000
			275,000,000

State Ministry of Promoting the production & Regulating the supply of Organic Fertilizer and Paddy & Grains, Organic Foods, Vegetables, Fruits, Chilies, Onion and Potato Cultivation Promoting, Seed Production and Advanced Technology Agriculture

Recurrent 43,582,220,000
Capital 2,216,000,000

Made up as follows :-

Head 426	State Minister of Promoting the Production & Regulating the supply of Organic Fertilizer, and Paddy & Grains, Organic Foods, Vegetables, Fruits, Chilies, Onion and Potato Cultivation Promoting, Seed Production and Advanced Technology Agriculture		
	Programme 01	Operational Activities	455,220,000
	Programme 02	Development Activities	35,195,000,000
			17,500,000
			600,000,000
Head 281	Department of Agrarian Development		
	Programme 01	Operational Activities	486,000,000
	Programme 02	Development Activities	7,446,000,000
			74,500,000
			1,524,000,000

State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries

Recurrent 973,100,000
Capital 1,800,000,000

Made up as follows :-

Head 427	State Minister of Livestock, Farm Promotion and Dairy and Egg Related Industries		
	Programme 01	Operational Activities	328,500,000
	Programme 02	Development Activities	-
			11,000,000
			1,270,000,000
Head 292	Department of Animal Production and Health		
	Programme 01	Operational Activities	644,600,000
	Programme 02	Development Activities	-
			84,000,000
			435,000,000

Ministry of Power

Recurrent 237,300,000
Capital 529,000,000

Made up as follows :-

Head 119	Minister of Power		
	Programme 01	Operational Activities	237,300,000
	Programme 02	Development Activities	-
			3,000,000
			526,000,000

State Ministry of Solar, Wind and Hydro Power Generation Projects Development

Recurrent 371,500,000
Capital 161,000,000

Made up as follows :-

Head 406	State Minister of Solar, Wind and Hydro Power Generation Projects Development		
	Programme 01	Operational Activities	129,500,000
	Programme 02	Development Activities	242,000,000
			3,000,000
			158,000,000

Ministry of Lands

Recurrent	5,751,750,000
Capital	3,115,000,000

Made up as follows :-

Head 122	Minister of Lands		
	Programme 01	Operational Activities	368,100,000
	Programme 02	Development Activities	-
Head 286	Department of Land Commissioner General		9,900,000
	Programme 02 -	Development Activities	2,720,800,000
Head 287	Department of Land Title Settlement		471,000,000
	Programme 02 -	Development Activities	70,000,000
Head 288	Department of Surveyor General of Sri Lanka		507,550,000
	Programme 01	Operational Activities	9,500,000
	Programme 02	Development Activities	255,100,000
Head 327	Department of Land Use Policy Planning		3,706,000,000
	Programme 02 -	Development Activities	254,800,000
			444,000,000
			31,000,000

Ministry of Urban Development and Housing

Recurrent	437,965,000
Capital	15,867,000,000

Made up as follows :-

Head 123	Minister of Urban Development and Housing		
	Programme 01	Operational Activities	267,125,000
	Programme 02	Development Activities	-
Head 311	Department of National Physical Planning		5,850,000
	Programme 01	Operational Activities	15,633,490,000
			170,840,000
			227,660,000

State Ministry of Urban Development, Waste Disposal and Community Cleanliness

Recurrent	418,575,000
Capital	4,000,000,000

Made up as follows :-

Head 411	State Minister of Urban Development, Waste Disposal and Community Cleanliness		
	Programme 01	Operational Activities	263,575,000
	Programme 02	Development Activities	6,050,000
			155,000,000
			3,993,950,000

State Ministry of Rural Housing, Construction and Building Material Industries

Recurrent	1,086,055,000
Capital	11,915,000,000

Made up as follows :-

Head 415	State Minister of Rural Housing, Construction and Building Material Industries		
	Programme 01	Operational Activities	371,225,000
	Programme 02	Development Activities	21,850,000
Head 309	Department of Buildings		87,290,000
	Programme 01	Operational Activities	11,762,800,000
	Programme 02	Development Activities	133,600,000
Head 310	Department of Government Factories		355,460,000
	Programme 02	Development Activities	23,950,000
			138,480,000
			102,800,000

State Ministry of Estate Housing and Community Infrastructure

Recurrent	445,705,000
Capital	2,525,000,000

Made up as follows :-

Head 417	State Minister of Estate Housing and Community Infrastructure		
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Programme 01	Operational Activities	445,705,000	14,600,000
Programme 02	Development Activities	-	2,510,400,000

State Ministry of Coast Conservation & Low-Lying Lands Development

Recurrent	527,132,000
Capital	2,255,000,000

Made up as follows :-

Head	443	State Minister of Coast Conservation & Low-Lying Lands Development			
		Programme 01	Operational Activities	119,772,000	5,300,000
		Programme 02	Development Activities	100,000,000	1,875,000,000
Head	291	Department of Coast Conservation and Coastal Resource Management			
		Programme 01	Operational Activities	307,360,000	374,700,000

Ministry of Education

Recurrent	135,455,000,000
Capital	27,450,000,000

Made up as follows :-

Head 126	Minister of Education			
	Programme 01	Operational Activities	1,900,850,000	1,798,000,000
	Programme 02	Development Activities	71,629,150,000	17,318,000,000
Head 212	Department of Examinations			
	Programme 02	Development Activities	4,570,000,000	250,000,000
Head 213	Department of Educational Publications			
	Programme 02	Development Activities	80,000,000	84,000,000
Head 214	University Grants Commission			
	Programme 02	Development Activities	57,275,000,000	8,000,000,000

State Ministry of Women and Child Development, Pre-Schools and Primary Education, School Infrastructure and Education Services

Recurrent	19,105,000,000
Capital	4,700,000,000

Made up as follows :-

Head 403	State Minister of Women and Child Development, Pre-Schools and Primary Education, School Infrastructure and Education Services			
	Programme 01	Operational Activities	12,394,000,000	48,000,000
	Programme 02	Development Activities	6,371,000,000	4,587,000,000
Head 217	Department of Probation and Childcare Services			
	Programme 01	Operational Activities	40,200,000	1,000,000
	Programme 02	Development Activities	299,800,000	64,000,000

State Ministry of Education Reforms, Open Universities and Distance Learning Promotion

Recurrent	690,000,000
Capital	1,425,000,000

Made up as follows :-

Head	404	State Minister of Education Reforms, Open Universities and Distance Learning Promotion			
		Programme 01	Operational Activities	635,000,000	1,413,000,000
Head	335	National Education Commission			
		Programme 01	Operational Activities	55,000,000	12,000,000

State Ministry of Skills Development, Vocational Education, Research and Innovation

Recurrent	9,800,000,000
Capital	4,560,000,000

Made up as follows :-

Head 421	State Minister of Skills Development, Vocational Education, Research and Innovation		
	Programme 01 Operational Activities	5,600,300,000	1,008,800,000
	Programme 02 Development Activities	1,999,700,000	3,241,200,000
Head 215	Department of Technical Education and Training		
	Programme 01 Operational Activities	261,600,000	30,000,000
	Programme 02 Development Activities	1,938,400,000	280,000,000

State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education

Recurrent	4,650,000,000
Capital	225,000,000

Made up as follows :-

Head 422	State Minister of Dhamma Schools, Pirivenas and Bhikkhu Education		
	Programme 01 Operational Activities	110,184,000	65,200,000
	Programme 02 Development Activities	4,539,816,000	159,800,000

Ministry of Public Services, Provincial Councils and Local Government

Recurrent	293,896,000,000
Capital	480,000,000

Made up as follows :-

Head 130	Minister of Public Services, Provincial Councils and Local Government		
	Programme 01 Operational Activities	28,998,000,000	426,000,000
Head 236	Department of Official Languages		
	Programme 01 Operational Activities	158,000,000	3,000,000
Head 253	Department of Pensions		
	Programme 01 Operational Activities	264,740,000,000	51,000,000

State Ministry of Provincial Councils and Local Government

Recurrent	288,608,000,000
Capital	40,500,000,000

Made up as follows :-

Head 420	State Minister of Provincial Councils and Local Government		
	Programme 01 Operational Activities	308,000,000	44,000,000
	Programme 02 Development Activities	300,000,000	14,456,000,000
Head 312	Western Provincial Council		
	Programme 01 Operational Activities	50,008,000,000	-
	Programme 02 Development Activities	-	2,216,000,000
Head 313	Central Provincial Council		
	Programme 01 Operational Activities	37,459,000,000	-
	Programme 02 Development Activities	-	2,899,000,000
Head 314	Southern Provincial Council		
	Programme 01 Operational Activities	35,507,000,000	-
	Programme 02 Development Activities	-	2,712,000,000
Head 315	Northern Provincial Council		
	Programme 01 Operational Activities	26,428,000,000	-
	Programme 02 Development Activities	-	3,208,000,000
Head 316	North Western Provincial Council		
	Programme 01 Operational Activities	33,542,000,000	-
	Programme 02 Development Activities	-	2,688,000,000
Head 317	North Central Provincial Council		
	Programme 01 Operational Activities	20,979,000,000	-
	Programme 02 Development Activities	-	2,951,000,000
Head 318	Uva Provincial Council		
	Programme 01 Operational Activities	24,902,000,000	-
	Programme 02 Development Activities	-	3,106,000,000

Head 319	Sabaragamuwa Provincial Council		
	Programme 01	Operational Activities	30,955,000,000
	Programme 02	Development Activities	-
Head 321	Eastern Provincial Council		3,057,000,000
	Programme 01	Operational Activities	28,220,000,000
	Programme 02	Development Activities	-
			3,163,000,000

Ministry of Plantation

Recurrent	990,000,000
Capital	10,059,000,000

Made up as follows :-

Head 135	Minister of Plantation		
	Programme 01	Operational Activities	440,000,000
	Programme 02	Development Activities	12,000,000
			550,000,000
			10,047,000,000

State Ministry of Company Estate Reforms, Tea and Rubber Estates Related Crops Cultivation and Factories Modernization and Tea and Rubber Export Promotion

Recurrent	1,405,000,000
Capital	2,300,000,000

Made up as follows :-

Head 410	State Minister of Company Estate Reforms, Tea and Rubber Estates Related Crops Cultivation and Factories Modernization and Tea and Rubber Export Promotion		
	Programme 01	Operational Activities	139,000,000
	Programme 02	Development Activities	9,000,000
			898,000,000
			1,575,000,000
Head 293	Department of Rubber Development		
	Programme 02	Development Activities	368,000,000
			716,000,000

State Ministry of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification

Recurrent	948,000,000
Capital	600,000,000

Made up as follows :-

Head 431	State Minister of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification		
	Programme 01	Operational Activities	120,000,000
	Programme 02	Development Activities	11,000,000
			828,000,000
			589,000,000

State Ministry of Development of Minor Crops Plantation including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries and Export Promotion

Recurrent	1,246,000,000
Capital	1,400,000,000

Made up as follows :-

Head 432	State Minister of Development of Minor Crops Plantation including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries and Export Promotion		
	Programme 01	Operational Activities	150,000,000
	Programme 02	Development Activities	9,000,000
			350,000,000
			1,110,000,000
Head 289	Department of Export Agriculture		
	Programme 02	Development Activities	746,000,000
			281,000,000

Ministry of Industries

Recurrent	1,142,000,000
Capital	6,500,000,000

Made up as follows :-

Head 149	Minister of Industries		
	Programme 01	Operational Activities	248,400,000
	Programme 02	Development Activities	893,600,000
			16,600,000
			6,483,400,000

State Ministry of Batik, Handloom and Local Apparel Products

Recurrent	535,000,000
Capital	1,225,000,000

Made up as follows :-

Head 439	State Minister of Batik, Handloom and Local Apparel Products		
	Programme 01	Operational Activities	138,000,000
	Programme 02	Development Activities	90,000,000
			13,000,000
			1,140,000,000
Head 303	Department of Textile Industries		
	Programme 02	Development Activities	307,000,000
			72,000,000

State Ministry of Rattan, Brass, Pottery, Furniture and Rural Industrial Promotion

Recurrent	939,000,000
Capital	1,150,000,000

Made up as follows :-

Head 408	State Minister of Rattan, Brass, Pottery, Furniture and Rural Industrial Promotion		
	Programme 01	Operational Activities	200,000,000
	Programme 02	Development Activities	739,000,000
			14,000,000
			1,136,000,000

State Ministry of Gem and Jewellery related Industries

Recurrent	161,000,000
Capital	30,000,000

Made up as follows :-

Head 440	State Minister of Gem and Jewellery related Industries		
	Programme 01	Operational Activities	67,000,000
	Programme 02	Development Activities	94,000,000
			22,000,000
			8,000,000

Ministry of Fisheries

Recurrent	871,900,000
Capital	1,300,000,000

Made up as follows :-

Head 151	Minister of Fisheries		
	Programme 01	Operational Activities	231,450,000
	Programme 02	Development Activities	-
			98,000,000
			1,176,200,000
Head 290	Department of Fisheries and Aquatic Resources		
	Programme 01	Operational Activities	640,450,000
			25,800,000

State Ministry of Ornamental Fish, Inland Fish and Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities and Fish Exports

Recurrent	1,456,450,000
Capital	375,000,000

Made up as follows :-

Head 405	State Minister of Ornamental Fish, Inland Fish and Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities and Fish Exports		
	Programme 01	Operational Activities	61,450,000
	Programme 02	Development Activities	1,395,000,000
			4,000,000
			371,000,000

Ministry of Tourism

Recurrent	678,320,000
Capital	244,900,000

Made up as follows :-

Head 159	Minister of Tourism		
	Programme 01	Operational Activities	174,920,000
	Programme 02	Development Activities	-
Head 322	Department of National Botanical Gardens		4,050,000
	Programme 02	Development Activities	69,700,000
			503,400,000
			171,150,000

State Ministry of Aviation and Export Zones Development

Recurrent	106,850,000
Capital	5,507,100,000

Made up as follows :-

Head 437	State Minister of Aviation and Export Zones Development		
	Programme 01	Operational Activities	106,850,000
	Programme 02	Development Activities	-
			7,100,000
			5,500,000,000

Ministry of Environment

Recurrent	1,123,500,000
Capital	2,475,000,000

Made up as follows :-

Head 160	Minister of Environment		
	Programme 01	Operational Activities	373,500,000
	Programme 02	Development Activities	750,000,000
			6,900,000
			2,468,100,000

Ministry of Wildlife and Forest Conservation

Recurrent	207,000,000
Capital	3,075,000,000

Made up as follows :-

Head 161	Minister of Wildlife and Forest Conservation		
	Programme 01	Operational Activities	207,000,000
	Programme 02	Development Activities	-
			6,000,000
			3,069,000,000

State Ministry of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical fences and Trenches and Reforestation and Forest Resource Development

Recurrent	3,951,000,000
Capital	2,700,000,000

Made up as follows :-

Head 424	State Minister of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical fences and Trenches and Reforestation and Forest Resource Development		
	Programme 01	Operational Activities	76,000,000
Head 283	Department of Forests Conservation		1,006,000,000
	Programme 01	Operational Activities	1,486,000,000
Head 284	Department of Wildlife Conservation		866,000,000
	Programme 01	Operational Activities	1,862,000,000
Head 294	Department of National Zoological Gardens		593,000,000
	Programme 02	Development Activities	527,000,000
			235,000,000

Ministry of Water Supply

Recurrent	363,475,000
Capital	47,150,500,000

Made up as follows :-

Head 166	Minister of Water Supply		
	Programme 01	Operational Activities	363,475,000
	Programme 02	Development Activities	-
			31,500,000
			47,119,000,000

State Ministry of Rural and Divisional Drinking Water Supply Projects Development

Recurrent	327,165,000
Capital	1,812,450,000

Made up as follows :-

Head 433	State Minister of Rural and Divisional Drinking Water Supply Projects Development		
	Programme 01	Operational Activities	54,980,000
	Programme 02	Development Activities	-
			5,200,000
			600,000,000
Head 332	Department of National Community Water Supply		
	Programme 01	Operational Activities	272,185,000
			1,207,250,000

Ministry of Development Co-ordination and Monitoring

Recurrent	169,000,000
Capital	50,000,000

Made up as follows :-

Head 169	Minister of Development Co-ordination and Monitoring		
	Programme 01	Operational Activities	78,000,000
			8,800,000
Head 280	Department of Project Management and Monitoring		
	Programme 02	Development Activities	91,000,000
			41,200,000

Ministry of Ports and Shipping

Recurrent	741,150,000
Capital	800,000,000

Made up as follows :-

Head 176	Minister of Ports and Shipping		
	Programme 01	Operational Activities	184,450,000
	Programme 02	Development Activities	466,700,000
			3,700,000
			790,000,000
Head 336	Merchant Shipping Secretariat		
	Programme 01	Operational Activities	90,000,000
			6,300,000

State Ministry of Warehouse Facilities, Container Yards, Port Supply Facilities and Boats and Shipping Industry Development

Recurrent	101,150,000
Capital	800,000,000

Made up as follows :-

Head 434	State Minister of Warehouse Facilities, Container Yards, Port Supply Facilities and Boats and Shipping Industry Development		
	Programme 01	Operational Activities	101,150,000
	Programme 02	Development Activities	-
			3,000,000
			797,000,000

Ministry of Technology

Recurrent	2,106,650,000
Capital	2,759,900,000

Made up as follows :-

Head 186	Minister of Technology		
	Programme 01	Operational Activities	93,950,000
	Programme 02	Development Activities	680,000,000
			6,500,000
			2,430,000,000
Head 227	Department of Registration of Persons		
	Programme 01	Operational Activities	1,332,700,000
			323,400,000

State Ministry of Digital Technology and Enterprise Development

Recurrent 397,490,000
Capital 847,600,000

Made up as follows :-

Head 444	State Ministry of Digital Technology and Enterprise Development		
	Programme 01	Operational Activities	58,490,000
	Programme 02	Development Activities	339,000,000
			6,600,000
			841,000,000

Ministry of Public Security

Recurrent 99,288,650,000
Capital 7,770,000,000

Made up as follows :-

Head 189	Minister of Public Security		
	Programme 01	Operational Activities	10,083,650,000
Head 225	Department of Police		
	Programme 01	Operational Activities	89,205,000,000
			1,711,550,000
			6,058,450,000

State Ministry of Community Police Services

Recurrent 186,040,000
Capital 615,000,000

Made up as follows :-

Head 445	State Minister of Community Police Services		
	Programme 01	Operational Activities	186,040,000
			615,000,000

Ministry of Labour

Recurrent 3,133,000,000
Capital 800,000,000

Made up as follows :-

Head 193	Minister of Labour		
	Programme 01	Operational Activities	626,000,000
	Programme 02	Development Activities	129,000,000
			93,000,000
			18,000,000
Head 221	Department of Labour		
	Programme 01	Operational Activities	1,342,000,000
	Programme 02	Development Activities	1,036,000,000
			443,000,000
			246,000,000

State Ministry of Foreign Employment Promotion and Market Diversification

Recurrent 685,000,000
Capital 200,000,000

Made up as follows :-

Head 412	State Minister of Foreign Employment Promotion and Market Diversification		
	Programme 01	Operational Activities	685,000,000
			200,000,000

Ministry of Youth and Sports

Recurrent 4,773,500,000
Capital 3,800,000,000

Made up as follows :-

Head 194	Minister of Youth and Sports		
	Programme 01	Operational Activities	447,575,000
	Programme 02	Development Activities	2,791,150,000
			22,500,000
			3,637,200,000
Head 219	Department of Sports Development		
	Programme 01	Operational Activities	116,850,000
	Programme 02	Development Activities	970,525,000
			9,500,000
			98,000,000

Head 328	Department of Manpower and Employment		
	Programme 01	Operational Activities	447,400,000
	Programme 02	Development Activities	-
			6,500,000
			26,300,000

State Ministry of Rural and School Sports Infrastructure Improvement

Recurrent	696,900,000
Capital	1,169,970,000

Made up as follows :-

Head 402	State Minister of Rural and School Sports Infrastructure Improvement		
	Programme 01	Operational Activities	561,165,000
	Programme 02	Development Activities	135,735,000
			178,970,000
			991,000,000

Ministry of Irrigation

Recurrent	3,605,000,000
Capital	64,242,000,000

Made up as follows :-

Head 198	Minister of Irrigation		
	Programme 01	Operational Activities	189,000,000
	Programme 02	Development Activities	173,000,000
			47,000,000
			54,607,000,000
Head 282	Department of Irrigation		
	Programme 01	Operational Activities	742,000,000
	Programme 02	Development Activities	2,501,000,000
			40,000,000
			9,548,000,000

State Ministry of Canals and Common Infrastructure Development in Settlements in Mahaweli Zones

Recurrent	2,965,000,000
Capital	2,995,000,000

Made up as follows :-

Head 428	State Minister of Canals and Common Infrastructure Development in Settlements in Mahaweli Zones		
	Programme 01	Operational Activities	65,000,000
	Programme 02	Development Activities	2,900,000,000
			4,000,000
			2,991,000,000

State Ministry of Tanks, Reservoirs and Irrigation Development Related to Rural Paddy Fields

Recurrent	77,000,000
Capital	3,000,000,000

Made up as follows :-

Head 429	State Minister of Tanks, Reservoirs and Irrigation Development Related to Rural Paddy Fields		
	Programme 01	Operational Activities	77,000,000
	Programme 02	Development Activities	-
			7,000,000
			2,993,000,000
	Total		
		1,840,502,325,000	955,944,233,000

SECOND SCHEDULE

(Section 02)

ESTIMATE — 2022**Expenditure of the Government, Authorized by the Constitution and other Laws
and to be charged on the Consolidated Fund**

Head No.	Unit/Ministry/Department or Institution by whom expenditure is incurred	Provision of the Constitution and Law under which expenditure is authorized	Expenditure Programme	Recurrent Expenditure Rs.	Capital Expenditure Rs.	Total Expenditure Rs.
1	His Excellency the President	Article 36 of the Constitution	Programme 01 - Operational Activities	4,680,000	—	4,680,000
4	Judges of the Superior Courts	Article 108 of the Constitution	Programme 01 - Operational Activities	81,000,000	—	81,000,000
6	Office of the Public Service Commission	Chapter IX of the Constitution	Programme 01 - Operational Activities	10,260,000	—	10,260,000
7	Judicial Service Commission	Chapter XV A of the Constitution	Programme 01 - Operational Activities	2,520,000	—	2,520,000
8	National Police Commission	Chapter XVIII A of the Constitution	Programme 01 - Operational Activities	8,100,000	—	8,100,000
10	Commission to Investigate Allegations of Bribery or Corruption	The Commission to Investigate Allegations of Bribery or Corruption Act, No. 19 of 1994	Programme 01 - Operational Activities	4,740,000	—	4,740,000
16	Parliament	Article 65 of the Constitution	Programme 01 - Operational Activities	2,700,000	—	2,700,000
20	Election Commission	Article 103 of the Constitution	Programme 01 - Operational Activities	5,940,000	—	5,940,000
21	National Audit Office	Article 153 of the Constitution	Programme 01 - Operational Activities	1,880,000	—	1,880,000
22	Office of the Parliamentary Commissioner for Administration	Article 156 of the Constitution	Programme 01 - Operational Activities	1,620,000	—	1,620,000
111	Ministry of Health	Medical Ordinance (Chapter 105)	Programme 01 - Operational Activities	2,000	—	2,000
249	Department of Treasury	Foreign Loans Act, Operations No. 29 of 1957 (Section 2 paragraphs (a) and (c)), Local Treasury Bills Ordinance (Chapter 417) Section 6(1) of the Active Liability Management Act, No. 8 of 2018	Programme 01 - Operational Activities	1,057,000,000,000	1,521,000,000,000	2,578,000,000,000
253	Department of Pensions	Widows' and Orphans' Pension Fund Ordinance (Chapter 431), Widowers' and Orphans' Pensions Act, No. 24 of 1983, Widows' and Orphans' Pension Scheme (Armed Forces) Act, No. 18 of 1970, School Teachers' Pensions Act (Chapter 432)	Programme 01 - Operational Activities	45,000,000,000	—	45,000,000,000

THIRD SCHEDULE ESTIMATE — 2022

(Section 3, 4, 8 and 9)

SRL No.	Ministries / Departments	Item No.	I Activities of the Government	II Maximum Limits of Expenditure of activities of the Government	III Minimum Limits of Receipts to be credited to the Accounts of activities of the Government	IV Maximum Limits of Debit Balance of Activities of the Government	VI Maximum Limits of Liabilities of Activities of the Government
				Rs.	Rs.	Rs.	Rs.
1	His Excellency the President	00101	Advances to Public Officers	40,000,000	18,000,000	125,000,000	—
2	Office of the Prime Minister	00201	Advances to Public Officers	25,000,000	12,000,000	80,000,000	—
3	Judges of the Superior Courts	00401	Advances to Public Officers	1,000,000	300,000	3,000,000	—
4	Office of the Cabinet of Ministers	00501	Advances to Public Officers	3,500,000	3,200,000	25,000,000	—
5	Office of the Public Service Commission	00601	Advances to Public Officers	10,000,000	8,000,000	45,000,000	—
6	Judicial Service Commission	00701	Advances to Public Officers	3,000,000	1,500,000	15,000,000	—
7	National Police Commission	00801	Advances to Public Officers	3,000,000	2,200,000	15,000,000	—
8	Administrative Appeals Tribunal	00901	Advances to Public Officers	500,000	450,000	3,500,000	—
9	Commission to Investigate Allegations of Bribery or Corruption	01001	Advances to Public Officers	12,000,000	7,000,000	40,000,000	—
10	Commission to Investigate Allegations of Bribery or Corruption	01002	Advancing monies to be used in bribery detection as bribes	100,000,000	1,000,000	275,000,000	—
11	Office of the Finance Commission	01101	Advances to Public Officers	3,000,000	2,500,000	13,000,000	—
12	Human Rights Commission of Sri Lanka	01301	Advances to Public Officers	500,000	200,000	1,000,000	—
13	Parliament	01601	Advances to Public Officers	30,000,000	28,000,000	150,000,000	—
14	Office of the Leader of the House of Parliament	01701	Advances to Public Officers	2,000,000	1,200,000	6,000,000	—
15	Office of the Chief Govt. Whip of Parliament	01801	Advances to Public Officers	2,500,000	1,800,000	15,000,000	—
16	Office of the Leader of the Opposition of Parliament	01901	Advances to Public Officers	2,500,000	1,700,000	10,000,000	—
17	Elections Commission	02001	Advances to Public Officers	26,000,000	20,000,000	120,000,000	—
18	National Audit Office	02101	Advances to Public Officers	80,000,000	60,000,000	260,000,000	—
19	Office of the Parliamentary Commissioner for Administration	02201	Advances to Public Officers	1,000,000	700,000	5,200,000	—
20	Delimitation Commission	02501	Advances to Public Officers	500,000	150,000	2,000,000	—
21	Minister of Buddha Sasana, Religious and Cultural Affairs	10101	Advances to Public Officers	70,000,000	30,000,000	200,000,000	—
22	Minister of Finance	10201	Advances to Public Officers	20,000,000	15,200,000	133,000,000	—
23	Minister of Defence	10301	Advances to Public Officers	100,000,000	53,000,000	275,000,000	—
24	Minister of Economic Policies & Plan Implementation	10401	Advances to Public Officers	5,000,000	2,000,000	5,000,000	—
25	Minister of Mass Media	10501	Advances to Public Officers	8,000,000	5,100,000	37,000,000	—
26	Minister of Justice	11001	Advances to Public Officers	30,000,000	20,000,000	110,000,000	—
27	Minister of Health	11101	Advances to Public Officers	1,700,000,000	1,400,000,000	3,400,000,000	—
28	Foreign Minister	11201	Advances to Public Officers	35,000,000	30,000,000	124,000,000	—
29	Minister of Transport	11401	Advances to Public Officers	10,000,000	6,000,000	40,000,000	—
30	Minister of Energy	11501	Advances to Public Officers	2,500,000	4,000,000	15,000,000	—
31	Minister of Trade	11601	Advances to Public Officers	10,000,000	4,100,000	45,000,000	—
32	Minister of Highways	11701	Advances to Public Officers	20,000,000	7,500,000	50,000,000	—
33	Minister of Agriculture	11801	Advances to Public Officers	50,000,000	19,000,000	150,000,000	—
34	Minister of Power	11901	Advances to Public Officers	5,000,000	2,500,000	18,000,000	—
35	Minister of Lands	12201	Advances to Public Officers	25,000,000	10,000,000	85,000,000	—
36	Minister of Urban Development and Housing	12301	Advances to Public Officers	5,000,000	1,000,000	150,000,000	—
37	Minister of Education	12601	Advances to Public Officers	3,000,000,000	1,500,000,000	4,500,000,000	—
38	Minister of Public Services, Provincial Councils and Local Government	13001	Advances to Public Officers	85,000,000	24,000,000	2,760,000,000	—
39	Minister of Plantation	13501	Advances to Public Officers	23,000,000	10,000,000	60,000,000	—
40	Minister of Industries	14901	Advances to Public Officers	25,000,000	15,000,000	80,000,000	—
41	Minister of Fisheries	15101	Advances to Public Officers	8,000,000	4,500,000	40,000,000	—
42	Minister of Tourism	15901	Advances to Public Officers	5,000,000	2,500,000	30,000,000	—
43	Minister of Environment	16001	Advances to Public Officers	20,000,000	8,000,000	60,000,000	—
44	Minister of Wildlife and Forest Conservation	16101	Advances to Public Officers	5,000,000	2,500,000	20,000,000	—
45	Minister of Water Supply	16601	Advances to Public Officers	6,000,000	3,800,000	30,000,000	—
46	Minister of Development Co-ordinating and Monitoring	16901	Advances to Public Officers	1,000,000	100,000	1,000,000	—
47	Minister of Ports and Shipping	17601	Advances to Public Officers	5,000,000	3,600,000	30,000,000	—
48	Minister of Technology	18601	Advances to Public Officers	3,000,000	250,000	3,000,000	—
49	Minister of Public Security	18901	Advances to Public Officers	90,000,000	72,000,000	100,000,000	—

50	Minister of Labour	19301	Advances to Public Officers	30,000,000	15,000,000	70,000,000	—
51	Minister of Youth and Sports	19401	Advances to Public Officers	50,000,000	15,000,000	120,000,000	—
52	Minister of Irrigation	19801	Advances to Public Officers	15,000,000	2,500,000	60,000,000	—
53	State Minister of National Heritage, Performing Arts and Rural Arts Promotion	40101	Advances to Public Officers	10,000,000	1,500,000	20,000,000	—
54	State Minister of Rural and School Sports Infrastructure Improvement	40201	Advances to Public Officers	6,000,000	4,000,000	25,000,000	—
55	State Minister of Women and Child Development, Pre-Schools and Primary Education, School Infrastructures and Education Services	40301	Advances to Public Officers	60,000,000	25,000,000	120,000,000	—
56	State Minister of Education Reforms, Open Universities and Distance Learning Promotion	40401	Advances to Public Officers	10,000,000	2,000,000	15,000,000	—
57	State Minister of Ornamental Fish, Inland Fish and Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities and Fish Exports	40501	Advances to Public Officers	1,500,000	300,000	4,000,000	—
58	State Minister of Solar, Wind and Hydro Power Generation Projects Development	40601	Advances to Public Officers	2,000,000	700,000	10,000,000	—
59	State Minister of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry & Minor Economic Crop Cultivation	40701	Advances to Public Officers	7,000,000	2,000,000	25,000,000	—
60	State Minister of Rattan, Brass, Pottery, Furniture and Rural Industrial Promotion	40801	Advances to Public Officers	60,000,000	20,000,000	100,000,000	—
61	State Minister of Home Affairs	40901	Advances to Public Officers	1,000,000,000	700,000,000	1,900,000,000	—
62	State Minister of Company Estate Reforms, Tea and Rubber Estates Related Crops, Cultivation and Factories Modernization and Tea and Rubber Export Promotion	41001	Advances to Public Officers	6,000,000	2,000,000	15,000,000	—
63	State Minister of Urban Development, Waste Disposal and Community Cleanlines	41101	Advances to Public Officers	8,000,000	3,800,000	30,000,000	—
64	State Minister of Foreign Employment Promotion and Market Diversification	41201	Advances to Public Officers	50,000,000	15,000,000	100,000,000	—
65	State Minister of Samurdhi Household Economy, Micro-Finance, Self Employment and Business Development	41401	Advances to Public Officers	20,000,000	13,000,000	70,000,000	—
66	State Minister of Rural Housing and Construction and Building Material Industries	41501	Advances to Public Officers	15,000,000	8,800,000	255,000,000	—
67	State Minister of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health	41601	Advances to Public Officers	15,000,000	5,000,000	40,000,000	—
68	State Minister of Estate Housing and Community Infrastructure	41701	Advances to Public Officers	25,000,000	7,700,000	38,000,000	—
69	State Minister of Prison Management and Prisoners' Rehabilitation	41801	Advances to Public Officers	9,000,000	3,400,000	100,000,000	—
70	State Minister of Regional Co-operation	41901	Advances to Public Officers	1,000,000	400,000	20,000,000	—
71	State Minister of Provincial Councils and Local Government	42001	Advances to Public Officers	15,000,000	8,000,000	60,000,000	—
72	State Minister of Skills Development, Vocational Education, Research and Innovation	42101	Advances to Public Officers	30,000,000	15,000,000	125,000,000	—
73	State Minister of Dhamma Schools, Pirivenas and Bhikku Education	42201	Advances to Public Officers	200,000,000	120,000,000	200,000,000	—
74	State Minister of Production, Supply and Regulation of Pharmaceutical	42301	Advances to Public Officers	20,000,000	15,000,000	75,000,000	—
75	State Minister of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Reforestation and Forest Resources Development	42401	Advances to Public Officers	2,000,000	600,000	5,000,000	—

76	State Minister of Promoting the Production & Regulating the supply of Organic Fertilizer, and Paddy and Grains, Organic Foods, Vegetables, Fruits, Chillies, Onion and Potato Cultivation Promoting, Seed Production and Advanced Technology Agriculture	42601	Advances to Public Officers	34,000,000	8,000,000	50,000,000	—
77	State Minister of Livestock Farm Promotion and Dairy and Egg Related Industries	42701	Advances to Public Officers	20,000,000	15,000,000	60,000,000	—
78	State Minister of Canals and Common Infrastructure Development in Settlements in Mahaweli Zones	42801	Advances to Public Officers	4,000,000	600,000	20,000,000	—
79	State Minister of Tanks, Reservoirs and Irrigation Development related to Rural Paddy Fields	42901	Advances to Public Officers	2,500,000	300,000	15,000,000	—
80	State Minister of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification	43101	Advances to Public Officers	2,500,000	1,300,000	8,700,000	—
81	State Minister of Development of Minor Crops Plantation Including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries and Export Promotion.	43201	Advances to Public Officers	2,800,000	2,200,000	20,000,000	—
82	State Minister of Rural and Divisional Drinking Water Supply Projects Development	43301	Advances to Public Officers	1,000,000	200,000	3,000,000	—
83	State Minister of Warehouse Facilities, Container Yards, Ports Supply Facilities and Boats and Shipping Industry Development	43401	Advances to Public Officers	3,000,000	600,000	5,000,000	—
84	State Minister of Rural Roads and other Infrastructure	43501	Advances to Public Officers	3,000,000	1,400,000	20,000,000	—
85	State Minister of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry	43601	Advances to Public Officers	5,000,000	500,000	6,000,000	—
86	State Minister of Aviation and Export Zones Development	43701	Advances to Public Officers	3,500,000	1,000,000	8,000,000	—
87	State Minister of Cooperative Services, Marketing Development and Consumer Protection	43801	Advances to Public Officers	8,000,000	3,000,000	20,000,000	—
88	State Minister of Batik, Handloom and Local Apparel Products	43901	Advances to Public Officers	4,000,000	1,000,000	20,000,000	—
89	State Minister of Gem and Jewellery related Industries	44001	Advances to Public Officers	1,000,000	200,000	10,000,000	—
90	State Minister of Primary Health Care, Epidemics and COVID Disease Control	44101	Advances to Public Officers	4,000,000	500,000	5,000,000	—
91	State Minister of National Security and Disaster Management	44201	Advances to Public Officers	30,000,000	14,000,000	80,000,000	—
92	State Minister of Coast Conservation & Law-Lying Lands Development	44301	Advances to Public Officers	500,000	50,000	1,000,000	—
93	State Minister of Digital Technology and Enterprise Development	44401	Advances to Public Officers	500,000	50,000	1,000,000	—
94	State Minister of Community Police Service	44501	Advances to Public Officers	800,000	550,000	10,000,000	—
95	Department of Buddhist Affairs	20101	Advances to Public Officers	40,000,000	20,000,000	100,000,000	—
96	Department of Muslim Religious and Cultural Affairs	20201	Advances to Public Officers	3,500,000	2,000,000	14,000,000	—
97	Department of Christian Religious Affairs	20301	Advances to Public Officers	2,500,000	1,200,000	12,000,000	—
98	Department of Hindu Religious and Cultural Affairs	20401	Advances to Public Officers	7,500,000	4,400,000	30,000,000	—
99	Department of Public Trustee	20501	Advances to Public Officers	3,800,000	2,300,000	14,000,000	—
100	Department of Cultural Affairs	20601	Advances to Public Officers	40,000,000	18,000,000	120,000,000	—
101	Department of Archaeology	20701	Advances to Public Officers	50,000,000	35,000,000	160,000,000	—
102	Department of National Museums	20801	Advances to Public Officers	25,000,000	10,000,000	70,000,000	—
103	Department of National Archives	20901	Advances to Public Officers	7,000,000	3,100,000	30,000,000	—
104	Department of Government Information	21001	Advances to Public Officers	13,000,000	8,700,000	50,000,000	—
105	Department of Government Printing	21101	Advances to Public Officers	70,000,000	60,000,000	350,000,000	—

106	Department of Examination	21201	Advances to Public Officers	25,000,000	22,000,000	100,000,000	—
107	Department of Educational Publications	21301	Advances to Public Officers	15,000,000	9,300,000	65,000,000	—
108	Department of Educational Publications	21302	Printing and Publicity and Sales of Publications	4,600,000,000	4,600,000,000	12,000,000,000	1,600,000,000
109	Department of Technical Education and Training	21501	Advances to Public Officers	60,000,000	40,000,000	150,000,000	—
110	Department of Social Services	21601	Advances to Public Officers	25,000,000	15,300,000	80,000,000	—
111	Department of Probation and Child Care Services	21701	Advances to Public Officers	15,000,000	10,000,000	60,000,000	—
112	Department of Sports Development	21901	Advances to Public Officers	13,000,000	9,500,000	50,000,000	—
113	Department of Ayurveda	22001	Advances to Public Officers	50,000,000	36,000,000	140,000,000	—
114	Department of Labour	22101	Advances to Public Officers	100,000,000	70,000,000	290,000,000	—
115	Sri Lanka Army	22201	Advances to Public Officers	3,550,000,000	3,000,000,000	4,000,000,000	—
116	Sri Lanka Navy	22301	Advances to Public Officers	500,000,000	400,000,000	600,000,000	—
117	Sri Lanka Navy	22302	Stores Advance Account (Explosive items)	550,000,000	450,000,000	200,000,000	—
118	Sri Lanka Air Force	22401	Advances to Public Officers	400,000,000	320,000,000	400,000,000	—
119	Department of Police	22501	Advances to Public Officers	1,200,000,000	1,000,000,000	1,200,000,000	—
120	Department of Immigration and Emigration	22601	Advances to Public Officers	40,000,000	30,000,000	180,000,000	—
121	Department of Registration of Persons	22701	Advances to Public Officers	45,000,000	40,000,000	170,000,000	—
122	Courts Administration	22801	Advances to Public Officers	500,000,000	350,000,000	1,500,000,000	—
123	Attorney General's Department	22901	Advances to Public Officers	25,000,000	17,000,000	80,000,000	—
124	Legal Draftsman's Department	23001	Advances to Public Officers	6,000,000	4,200,000	19,000,000	—
125	Department of Debt Conciliation Board	23101	Advances to Public Officers	1,000,000	400,000	5,000,000	—
126	Department of Prisons	23201	Advances to Public Officers	150,000,000	130,000,000	250,000,000	—
127	Department of Prisons	23202	Prisons Industrial and Agricultural Undertakings	110,000,000	120,000,000	65,000,000	15,000,000
128	Department of Government Analyst	23301	Advances to Public Officers	8,000,000	7,000,000	35,000,000	—
129	Office of the Registrar of the Supreme Court	23401	Advances to Public Officers	15,000,000	10,500,000	65,000,000	—
130	Law Commission of Sri Lanka	23501	Advances to Public Officers	2,000,000	700,000	7,000,000	—
131	Department of Official Languages	23601	Advances to Public Officers	7,000,000	5,200,000	29,000,000	—
132	Department of National Planning	23701	Advances to Public Officers	5,000,000	4,500,000	20,000,000	—
133	Department of Fiscal Policy	23801	Advances to Public Officers	3,500,000	1,800,000	16,000,000	—
134	Department of External Resources	23901	Advances to Public Officers	8,000,000	4,000,000	30,000,000	—
135	Department of National Budget	24001	Advances to Public Officers	8,000,000	5,000,000	35,000,000	—
136	Department of Public Enterprises	24101	Advances to Public Officers	4,000,000	3,400,000	18,000,000	—
137	Department of Management Services	24201	Advances to Public Officers	6,000,000	4,000,000	26,000,000	—
138	Department of Development Finance	24301	Advances to Public Officers	4,000,000	2,000,000	14,000,000	—
139	Department of Trade and Investment Policies	24401	Advances to Public Officers	3,500,000	2,700,000	14,000,000	—
140	Department of Public Finance	24501	Advances to Public Officers	4,000,000	3,900,000	15,000,000	—
141	Department of Inland Revenue	24601	Advances to Public Officers	90,000,000	85,300,000	415,000,000	—
142	Sri Lanka Customs	24701	Advances to Public Officers	60,000,000	52,000,000	250,000,000	—
143	Sri Lanka Customs	24702	Seized and forfeited goods Advance Account	18,000,000	6,000,000	85,000,000	—
144	Department of Excise	24801	Advances to Public Officers	46,000,000	40,000,000	200,000,000	—
145	Department of Treasury Operations	24901	Advances to Public Officers	8,000,000	6,000,000	35,000,000	—
146	Department of State Accounts	25001	Advances to Public Officers	4,500,000	2,800,000	16,000,000	—
147	Department of State Accounts	25002	Advances for Payments on behalf of other Governments	1,600,000	1,000,000	800,000	—
148	Department of State Accounts	25003	Miscellaneous Advances	10,000,000	2,000,000	200,000,000	—
149	Department of Valuation	25101	Advances to Public Officers	25,000,000	20,000,000	115,000,000	—
150	Department of Census and Statistics	25201	Advances to Public Officers	40,000,000	32,000,000	150,000,000	—
151	Department of Pensions	25301	Advances to Public Officers	42,000,000	40,000,000	200,000,000	—
152	Department of Registrar-General	25401	Advances to Public Officers	80,000,000	62,000,000	290,000,000	—
153	District Secretariat, Colombo	25501	Advances to Public Officers	60,000,000	50,000,000	250,000,000	—
154	District Secretariat, Gampaha	25601	Advances to Public Officers	80,000,000	80,000,000	380,000,000	—
155	District Secretariat, Kalutara	25701	Advances to Public Officers	80,000,000	62,000,000	350,000,000	—
156	District Secretariat, Kandy	25801	Advances to Public Officers	70,000,000	61,000,000	250,000,000	—
157	District Secretariat, Matale	25901	Advances to Public Officers	53,000,000	45,000,000	220,000,000	—
158	District Secretariat, Nuwara-Eliya	26001	Advances to Public Officers	40,000,000	35,000,000	120,000,000	—
159	District Secretariat, Galle	26101	Advances to Public Officers	80,000,000	65,000,000	300,000,000	—
160	District Secretariat, Matara	26201	Advances to Public Officers	80,000,000	60,000,000	275,000,000	—
161	District Secretariat, Hambantota	26301	Advances to Public Officers	50,000,000	44,000,000	250,000,000	—
162	District Secretariat/ Kachcheri-Jaffna	26401	Advances to Public Officers	70,000,000	55,000,000	225,000,000	—

163	District Secretariat/ Kachcheri-Mannar	26501 Advances to Public Officers	15,000,000	12,000,000	65,000,000	—
164	District Secretariat/ Kachcheri-Vavuniya	26601 Advances to Public Officers	14,000,000	13,000,000	65,000,000	—
165	District Secretariat/ Kachcheri-Mullaitivu	26701 Advances to Public Officers	14,000,000	9,000,000	55,000,000	—
166	District Secretariat/ Kachcheri-Killinochchi	26801 Advances to Public Officers	14,000,000	11,000,000	50,000,000	—
167	District Secretariat/ Kachcheri-Batticaloa	26901 Advances to Public Officers	40,000,000	32,000,000	140,000,000	—
168	District Secretariat - Ampara	27001 Advances to Public Officers	70,000,000	50,000,000	245,000,000	—
169	District Secretariat/ Kachcheri-Trincomalee	27101 Advances to Public Officers	35,000,000	24,000,000	140,000,000	—
170	District Secretariat, Kurunagala	27201 Advances to Public Officers	85,000,000	84,000,000	350,000,000	—
171	District Secretariat, Puttalam	27301 Advances to Public Officers	50,000,000	50,000,000	220,000,000	—
172	District Secretariat, Anuradhapura	27401 Advances to Public Officers	65,000,000	62,000,000	280,000,000	—
173	District Secretariat, Polonnaruwa	27501 Advances to Public Officers	30,000,000	25,000,000	120,000,000	—
174	District Secretariat, Badulla	27601 Advances to Public Officers	60,000,000	46,000,000	220,000,000	—
175	District Secretariat, Monaragala	27701 Advances to Public Officers	35,000,000	30,000,000	140,000,000	—
176	District Secretariat, Ratnapura	27801 Advances to Public Officers	60,000,000	47,000,000	285,000,000	—
177	District Secretariat, Kegalle	27901 Advances to Public Officers	50,000,000	46,000,000	200,000,000	—
178	Department of Project Management and Supervision	28001 Advances to Public Officers	4,000,000	3,000,000	20,000,000	—
179	Department of Agrarian Development	28101 Advances to Public Officers	350,000,000	280,000,000	500,000,000	—
180	Department of Irrigation	28201 Advances to Public Officers	230,000,000	165,000,000	800,000,000	—
181	Department of Forest Conservation	28301 Advances to Public Officers	60,000,000	45,000,000	316,000,000	—
182	Department of Wildlife Conservation	28401 Advances to Public Officers	50,000,000	45,000,000	270,000,000	—
183	Department of Agriculture	28501 Advances to Public Officers	250,000,000	200,000,000	1,000,000,000	—
184	Department of Agriculture	28502 Maintenance of Agricultural Farms and Seed Sales	660,000,000	660,000,000	70,000,000	—
185	Department of Land Commissioner General	28601 Advances to Public Officers	20,000,000	14,000,000	90,000,000	—
186	Department of Land Title Settlement	28701 Advances to Public Officers	15,000,000	15,000,000	70,000,000	—
187	Department of Surveyor General of Sri Lanka	28801 Advances to Public Officers	130,000,000	130,000,000	420,000,000	—
188	Department of Export Agriculture	28901 Advances to Public Officers	40,000,000	35,000,000	140,000,000	—
189	Department of Fisheries and Aquatic Resources	29001 Advances to Public Officers	20,000,000	18,000,000	110,000,000	—
190	Department of Coast Conservation and Coastal Resource Management	29101 Advances to Public Officers	12,000,000	8,000,000	45,000,000	—
191	Department of Animal Production and Health	29201 Advances to Public Officers	35,000,000	24,000,000	130,000,000	—
192	Department of Rubber Development	29301 Advances to Public Officers	20,000,000	18,000,000	65,000,000	—
193	Department of National Zoological Gardens	29401 Advances to Public Officers	30,000,000	15,000,000	105,000,000	—
194	Department of Commerce	29501 Advances to Public Officers	5,000,000	2,500,000	22,000,000	—
195	Department of Import and Export Control	29601 Advances to Public Officers	4,000,000	2,500,000	25,000,000	—
196	Department of the Registrar of Companies	29701 Advances to Public Officers	7,000,000	5,000,000	35,000,000	—
197	Department of Measurement Units, Standards and Services	29801 Advances to Public Officers	6,000,000	4,000,000	30,000,000	—
198	National Intellectual Property Office of Sri Lanka	29901 Advances to Public Officers	5,000,000	3,000,000	17,000,000	—
199	Department of Food Commissioner	30001 Advances to Public Officers	5,000,000	3,000,000	30,000,000	—
200	Department of Co-operative Development (Registrar of Co-operative Societies)	30101 Advances to Public Officers	5,000,000	3,000,000	30,000,000	—
201	Co-operative Employees Commission	30201 Advances to Public Officers	2,000,000	600,000	7,000,000	—
202	Department of Textile Industries	30301 Advances to Public Officers	5,000,000	3,000,000	25,000,000	—
203	Department of Meteorology	30401 Advances to Public Officers	10,000,000	8,600,000	55,000,000	—
204	Department of Sri Lanka Railways	30601 Advances to Public Officers	500,000,000	450,000,000	1,500,000,000	—
205	Department of Sri Lanka Railways	30602 Railway Stores Advance Account	2,500,000,000	2,000,000,000	8,200,000,000	1,500,000,000
206	Department of Motor Traffic	30701 Advances to Public Officers	26,000,000	25,000,000	150,000,000	—
207	Department of Posts	30801 Advances to Public Officers	800,000,000	704,000,000	2,200,000,000	—
208	Department of Buildings	30901 Advances to Public Officers	25,000,000	17,000,000	95,000,000	—
209	Department of Government Factories	31001 Advances to Public Officers	28,000,000	18,000,000	125,000,000	—
210	Department of Government Factories	31002 Government Factory Stores Advance Account	120,000,000	120,000,000	40,000,000	30,000,000

211	Department of Government Factories	31003 Government Factory Work Done Advance Account	400,000,000	390,000,000	190,000,000	1,000,000
212	Department of National Physical Planning	31101 Advances to Public Officers	12,000,000	6,400,000	50,000,000	—
213	Department of Civil Security	32001 Advances to Public Officers	600,000,000	480,000,000	900,000,000	—
214	Department of National Botanical Gardens	32201 Advances to Public Officers	26,000,000	22,200,000	110,000,000	—
215	Department of Legal Affairs	32301 Advances to Public Officers	1,000,000	400,000	4,000,000	—
216	Department of Management Audit	32401 Advances to Public Officers	3,500,000	2,500,000	20,000,000	—
217	Department of Community Based Corrections	32601 Advances to Public Officers	20,000,000	8,400,000	60,000,000	—
218	Department of Land Use Policy Planning	32701 Advances to Public Officers	18,000,000	14,000,000	80,000,000	—
219	Department of Manpower and Employment	32801 Advances to Public Officers	30,000,000	14,000,000	100,000,000	—
220	Department of Information Technology Management	32901 Advances to Public Officers	3,000,000	1,600,000	12,000,000	—
221	Department of Samurdhi Development	33101 Advances to Public Officers	400,000,000	280,000,000	800,000,000	—
222	Department of National Community Water Supply	33201 Advances to Public Officers	11,000,000	5,000,000	30,000,000	—
223	Office of the Comptroller General	33301 Advances to Public Officers	2,000,000	1,400,000	10,000,000	—
224	Department of Multi - purpose Development Task Force	33401 Advances to Public Officers	40,000,000	16,000,000	50,000,000	—
225	National Education Commission	33501 Advances to Public Officers	1,500,000	500,000	7,500,000	—
226	Merchant Shipping Secretariat	33601 Advances to Public Officers	2,000,000	1,000,000	7,500,000	—
Total			29,109,500,000	23,109,500,000	66,922,200,000	3,146,000,000

