

APPENDIX I

A. MAJOR LEGAL ENACTMENTS ADOPTED BY THE GOVERNMENT IN 1950.

B. MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1950.

A.—Major Legal Enactments adopted by the Government in 1950

(1) Bretton Woods Agreements Act, No. 20 of 1950

AN ACT TO ENABLE CEYLON TO BECOME A MEMBER OF THE INTERNATIONAL MONETARY FUND AND OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT BY ACCEPTANCE OF THE INTERNATIONAL AGREEMENTS FOR THE ESTABLISHMENT AND OPERATION OF THE FUND AND BANK.

[Date of Assent : August 22 1950.]

WHEREAS the International Monetary Fund and the International Bank for Reconstruction and Development were established in pursuance of Agreements drawn up at the United Nations Monetary and Financial Conference held at Bretton Woods in New Hampshire in the United States of America in July 1944 :

And Whereas copies of the text of the Articles of the said Agreements have been laid before Parliament :

And Whereas the International Monetary Fund and the International Bank for Reconstruction and Development have prescribed the terms and conditions set out in the First Schedule and the Second Schedule to this Act as the terms and conditions upon which Ceylon may be admitted to Membership of the International Monetary Fund and the International Bank for Reconstruction and Development respectively :

And Whereas, for the purpose of complying with the terms and conditions aforesaid, it is necessary to make provision as hereinafter set out :

Now, therefore, BE it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled and by the authority of the same as follows :—

1. This Act may be cited as the Bretton Woods Agreements Act No. 20 of 1950.

Acceptance of the Agreements and Financial Provisions

2. The Governor-General is hereby authorised by instruments under his hand to empower such person as may be named in such instruments on behalf of the Government of Ceylon,—

- (a) to sign the Articles of Agreement of the International Monetary Fund and the Articles of Agreement of the International Bank for Reconstruction and Development, respectively ; and

- (b) to deposit with the Government of the United States of America instruments of acceptance of the Articles of Agreement of the Fund (hereinafter referred to as " the Fund Agreement ") and of the Articles of Agreement of the Bank (hereinafter referred to as " the Bank Agreement "), stating that the Government of Ceylon has accepted in accordance with its law the respective Articles and the terms and conditions prescribed thereunder as the terms upon which the Government of Ceylon shall be admitted to membership of the Fund and of the Bank.

3. (1) There shall be paid out of the Consolidated Fund of Ceylon such part of the subscription of Ceylon specified in the terms and conditions set out in the First Schedule to this Act as may, in accordance with those terms and conditions and the provisions of sections 3 and 5 of Article III of the Fund Agreement, be payable in gold or in Ceylon currency.

- (2) The Minister of Finance is hereby authorised, on behalf of the Government, to create and issue to the International Monetary Fund, in such form as he thinks fit, any such non-interest-bearing and non-negotiable notes or other obligations as the Fund may, under section 5 of Article III of the Fund Agreement, determine to accept in place of any part of the subscription of Ceylon which would, but for such acceptance, be payable in Ceylon currency.

4. (1) There shall be paid out of the Consolidated Fund of Ceylon—

- (a) all sums payable to the International Monetary Fund under paragraph (b) of section 8 of Article IV of the Fund Agreement (which relates to changes in the par or foreign exchange value of currencies of members) ;

- (b) all sums required for implementing the guarantee required by section 3 of Article XIII of the Fund Agreement, that is to say, a guarantee of the assets of that Fund against loss resulting from failure or default of the depository designated by the Government of Ceylon under the said Article ;

- (c) all sums required for the redemption of any notes or obligations created and issued to that Fund under this Act ; and

- (d) any compensation required to be paid to that Fund or to any member thereof under Schedule D of the Fund Agreement (which relates to the withdrawal of members from the Fund) or under Schedule E thereof (which relates to the liquidation of the Fund).

- (2) The Minister of Finance, if he thinks fit so to do, may, on behalf of the Government, create and issue to the International Monetary Fund, in such form as he thinks fit, any such non-interest-bearing and non-negotiable notes or other obligations as the Fund may under section 5 of Article III of the Fund Agreement determine to accept in place of any Ceylon currency payable to the Fund under any provisions of the Fund Agreement mentioned in paragraph (a) or paragraph (b), or under paragraph (c), of sub-section (1) of this section.

5. (1) There shall be paid out of the Consolidated Fund of Ceylon such part of the subscription of Ceylon specified in paragraph 2 of the terms and conditions set out in the Second Schedule to this Act as may, in accordance with those terms and conditions and the provisions of Article II of the Bank Agreement, be payable in gold or United States dollars or in Ceylon currency.

(2) The Minister of Finance is hereby authorised, on behalf of the Government, to create and issue to the International Bank for Reconstruction and Development, in such form as he thinks fit, any such non-interest-bearing and non-negotiable notes or other obligations as the Bank may, under section 12 of Article V of the Bank Agreement, determine to accept in place of any part of the subscription of Ceylon which would, but for such acceptance, be payable in Ceylon currency.

6. There shall be paid out of the Consolidated Fund of Ceylon—

(a) all sums payable to the International Bank for Reconstruction and Development under section 9 of Article II of the Bank Agreement (which relates to changes in the par or foreign exchange value of currencies of members) ; and

(b) all sums required for the redemption of any notes or obligations created and issued to that Bank under this Act.

7. (1) For the purpose of providing any sums required to be paid out of the Consolidated Fund under sub-section (1) of section 3 of this Act, or under paragraph (a) or paragraph (b) or paragraph (c) of sub-section (1) of section 4 of this Act, or under section 5 or section 6 of this Act, the Minister of Finance is hereby authorised to raise loans, on behalf of the Government, by the creation and issue to the Central Bank of Ceylon, in such form as he thinks fit, of non-interest-bearing and non-negotiable notes or obligations.

(2) Notwithstanding anything in the Monetary Law Act, No. 58 of 1949, the Central Bank of Ceylon is hereby authorised to accept and hold any notes or obligations created and issued in accordance with the provisions of sub-section (1) of this section.

(3) There shall be paid out of the Consolidated Fund of Ceylon all sums required for the redemption of any notes or obligations created and issued to the Central Bank of Ceylon under sub-section (1) of this section.

8. (1) The Central Bank of Ceylon is hereby authorised to make payment of all sums required for the purpose of paying any charges payable to the International Monetary Fund under section 8 of Article V of the Fund Agreement.

(2) All sums received by or on behalf of the Government of Ceylon from the International Monetary Fund or from the International Bank for Reconstruction and Development, other than sums received by reason of operations of the Central Bank of Ceylon under Article V or Article VII or Article VIII of the Fund Agreement, shall be paid into the Consolidated Fund of Ceylon ; and the sums so received, in so far as they represent capital, shall, unless otherwise provided in that behalf by any written law, be applied from time to time as the Minister of Finance may direct in the redemption of notes or other obligations issued to the Central Bank under this Act.

Status and Immunities of the Fund and of the Bank

9. (1) The Governor-General may, by Order, make such provision as he may consider reasonably necessary for carrying into effect any of the provisions of the Fund Agreement and the Bank Agreement relating to the status, immunities and privileges of the International Monetary Fund and of the International Bank for Reconstruction and Development and their respective governors, executive directors, alternates, officers and employees, or any of the provisions of the Fund Agreement as to the unenforceability of exchange contracts.

(2) Without prejudice to the generality of the provisions of sub-section (1), any Order made under that sub-section may declare that any specified provisions of the Fund Agreement or the Bank Agreement shall have the force of law in Ceylon.

FIRST SCHEDULE

Terms and conditions prescribed by Resolution of the Board of Governors of the International Monetary Fund for admission of the Government of Ceylon to Membership in the Fund.

1. *Definitions.*—As used in this resolution :

(a) The term “ Ceylon ” means the Government of Ceylon.

(b) The term “ Fund ” means International Monetary Board.

(c) The term “ Articles ” means the Articles of Agreement of the Fund.

(d) The term “ dollars ” or “ \$ ” means United States dollars of the weight and fineness in effect on July 1, 1944.

(e) The term “ member ” means member of the Fund.

2. *Quota.*—The quota of Ceylon shall be \$ 15,000,000.00.
3. *Subscription.*—The subscription of Ceylon shall be equal to its quota, and not less than 5 per cent. of the subscription shall be paid in gold and the balance in the currency of Ceylon.
4. *Payment of Subscription.*—The portion of the subscription to be paid in gold shall be paid not later than the day the Articles are signed on behalf of Ceylon. In case Ceylon does not acquire membership in the Fund, the gold so paid shall be returned to it by the Fund.
5. *Determination of par value.*—Within thirty days after the Fund so requests, Ceylon shall communicate to the Fund the par value of its currency based on the rates of exchange prevailing on the date Ceylon becomes a member of the Fund, and within sixty days following the Fund's receipt of the communicated par value, Ceylon and the Fund shall agree on an initial par value for the currency ; provided that the Fund may extend the period of sixty days, and that Ceylon shall be deemed to have withdrawn from the Fund if agreement on a par value has not been reached when the extended period expires.
6. *Exchange transactions with the Fund.*—Ceylon may not engage in exchange transactions with the Fund before the thirtieth day after the par value of its currency has been agreed in accordance with 5 above and its subscription shall be paid in full before such thirtieth day.
7. *Representation and Information.*—Before accepting membership in the Fund, Ceylon shall represent to the Fund that it has taken all action necessary to sign and deposit the instrument of, acceptance and sign the Articles, as contemplated by paragraph 8 (a) and (b) of this Resolution, and Ceylon shall furnish to the Fund such information in respect of such action as the Fund may request.
8. *Acceptance of Membership.*—After the Fund shall have informed the Government of the United States of America that Ceylon has complied with the conditions set forth in paragraph 7 of this Resolution, Ceylon shall become a member of the Fund, as of the date when Ceylon shall have complied with the following requirements :
- (a) Ceylon shall deposit with the Government of the United States of America an instrument stating that it has accepted in accordance with its law the Articles and all the terms and conditions prescribed in this Resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles and this Resolution :
 - (b) Ceylon shall sign the original copy of the Articles held in the Archives of the Government of the United States of America.
9. *Limitation of Period for Acceptance of Membership.*—Ceylon may accept membership in the Fund pursuant to this Resolution until December 31, 1950 ; provided, however, that, if extraordinary circumstances are deemed by the Executive Directors to warrant an extension of the period during which the Applicant may accept membership pursuant to this Resolution, the Executive Directors may extend such period until such later date as they may determine but in no event beyond June 30, 1951.

SECOND SCHEDULE

Terms and conditions prescribed by Resolution of the Board of Governors of the International Bank for Reconstruction and Development for admission of the Government of Ceylon to Membership in the Bank

1. *Definitions.*—As used in this resolution :
- (a) The term " Ceylon " means the Government of Ceylon.
 - (b) The term " Bank " means International Bank for Reconstruction and Development.
 - (c) The term " Articles " means the Articles of Agreement of the Bank.
 - (d) The term " dollars " or " \$ " means United States dollars of the weight and fineness in effect on July 1, 1944.
 - (e) The term " subscription " means the capital stock of the Bank subscribed to by a member.
 - (f) The term " member " means member of the Bank.
2. *Subscription.*—By accepting membership in the Bank, Ceylon shall subscribe to 150 shares of the capital stock of the Bank at the par value of \$ 100,000 per share.
3. *Membership in the Fund.*—Before accepting membership in the Bank, Ceylon shall accept membership in and become a member of the International Monetary Fund.
4. *Payments on Subscription :*
- (a) Before accepting membership in the Bank, Ceylon shall pay to the Bank :
 - (i) Gold or United States dollars equal to 2 per cent. of its subscription, without any right to postpone payment of any part thereof under Section 8 (a) of Article II of the Articles ; and
 - (ii) An amount in the currency of Ceylon which at the appropriate prevailing exchange rate, shall be equal in value to 18 per cent. of its subscription.

(b) Ceylon shall agree that, if it tenders any part of the payment called for in paragraph (a) (i) above in gold, the Bank shall have the right to reject any such gold which, in its opinion, may not be sold freely and unconditionally by the Bank to members requiring certification or other evidence as to the origin of gold purchased by them.

5. *Representation and Information* : Before accepting membership in the Bank, Ceylon shall represent to the Bank that it has taken all action necessary to sign and deposit the instrument of acceptance and sign the Articles as contemplated by paragraph 6 (a) and (b) of this resolution and Ceylon shall furnish to the Bank such information in respect of such action as the Bank may request.

6. *Acceptance of Membership* : After the Bank shall have informed the Government of the United States of America that Ceylon (i) has made the payments called for by paragraph 4 of this resolution ; (ii) has made the representation called for by paragraph 5 of this resolution ; and (iii) has furnished the information requested by the Bank pursuant to said paragraph 5, and after Ceylon shall have become a member of the International Monetary Fund, Ceylon shall become a member of the Bank, with a subscription as set forth in paragraph 2 of this resolution, as of the date when Ceylon shall have complied with the following requirements :—

- (a) Ceylon shall deposit with the Government of the United States of America an instrument stating that it has accepted in accordance with its law the Articles and all the terms and conditions prescribed in this resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles and this resolution ;
- (b) Ceylon shall sign the original copy of the Articles held in the Archives of the Government of the United States of America.

7. *Limitation on Period for Acceptance of Membership* : Ceylon may accept membership in the Bank pursuant to this resolution until December 31, 1950 ; provided, however, that, if extraordinary circumstances are deemed by the Executive Directors to warrant an extension of the period during which Ceylon may accept membership pursuant to this resolution, the Executive Directors may extend such period until such later date as they may determine, but in no event beyond June 30, 1951.

(ii) *The Supplies and Services (Transitional Powers) Act, 1945*

ORDER made by the Governor-General under section 3 (1) of the Supplies and Services (Transitional Powers) Act, 1945, of the Imperial Parliament, as adapted, modified and extended to Ceylon by the Supplies and Services (Transitional Powers) (Colonies, &c.) Order in Council, 1946.

By His Excellency's command,

Governor-General's Office,
Kandy, 23rd August, 1950.

J. A. MULHALL,
Secretary to the Governor-General.

ORDER

The Defence (Finance) Regulations published in *Gazette* No. 8,509 of September 19, 1939, are hereby varied, with effect from the first day of September, 1950, as follows :—

(1) by the substitution, for regulation 2, of the following new regulation :

- " 2. (1) The Monetary Board established under the Monetary Law Act, No. 58 of 1949, shall be the Controller of Exchange for the purposes of these regulations.
- (2) The Monetary Board may appoint such Deputy and Assistant Controllers of Exchange and such other officers and servants as the Board may consider necessary for the purposes of these regulations " ;

and

(2) in paragraph (1) of regulation 10, by the substitution, for the definition of " Controller ", of the following new definition :

" " Controller " , means the Controller of Exchange and includes any Deputy Controller of Exchange and any Assistant Controller of Exchange."

(iii) *Exchange and Securities Control (Continuation) Act, No. 35 of 1950*

L. D.—O. 19/50.

AN ACT TO PROVIDE FOR THE CONTINUANCE IN FORCE, AFTER DECEMBER 9, 1950, OF THE DEFENCE (FINANCE) REGULATIONS, THE DEFENCE (FINANCE NO. 2) REGULATIONS, THE DEFENCE (FINANCE NO. 3) REGULATIONS AND THE DEFENCE (SECURITIES) REGULATIONS AND OF OTHER CONNECTED DEFENCE REGULATIONS.

[Date of Assent : December 7, 1950.]

WHEREAS the Defence (Finance) Regulations, the Defence (Finance No. 2) Regulations, the Defence (Finance No. 3) Regulations and the Defence (Securities) Regulations, which have effect by virtue of the Supplies and Services (Transitional Powers) Act, 1945, of the Parliament of the United Kingdom, are due to expire on the tenth day of December, 1950 :

AND whereas it is expedient to provide for the continuance in force of those Regulations for further period :

BE it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same as follows :

1. This Act may be cited as the Exchange and Securities Control (Continuation) Act, No. 35 of 1950, and shall come into operation on the ninth day of December, 1950 (hereafter in this Act referred to as "the appointed date").

2. (1) The Defence (Finance) Regulations, the Defence (Finance No. 2) Regulations, the Defence (Finance No. 3) Regulations and the Defence (Securities) Regulations, as in force at the appointed date, shall from the appointed date have the force of law by virtue of this Act and as though they were herein enacted.

(2) Reference in sub-section (1) of this section to any Defence Regulations shall be deemed to include references to all Orders and instruments heretofore made or issued thereunder and in force at the appointed date.

(3) Regulations 4, 46, 52, 53, 54 and 55 of the Defence (Miscellaneous) Regulations, as in force at the appointed date, shall from the appointed date have the force of law by virtue of this Act and as though they were herein enacted, so however that references in any of those Regulations to any defence regulation shall be construed as references to any of the Defence Regulations specified in sub-section (1) of this section.

3. The Governor-General may, by Order published in the *Gazette*—

(a) amend any regulation specified in sub-section (1) of section 2, and

(b) declare that any such regulation shall cease to be in force on such date as may be specified in the Order.

4. This Act shall continue in force until December 9, 1951, and shall then expire :

Provided, however, that if the Senate and the House of Representatives by resolution so declare, this Act shall continue in force for such further period as may be specified in such resolution.

B.—Main Administrative Measures adopted by the Monetary Board in 1950

(i)

MONETARY LAW ACT, No. 58 OF 1949*Parities*

IT is hereby notified in terms of section 72 (1) of the Monetary Law Act that the parities of foreign currencies with respect to the Ceylon rupee have been determined and certified under sections 72 and 75 of the Act, as set out in the Schedule hereto.

Colombo, 28th August, 1950.

JOHN EXTER,
Governor, Central Bank of Ceylon.

Country	SCHEDULE	Currency Unit	Parity
			Rs. c.
Australia	Pound ..	10.68
Burma	Rupee ..	1.00
Canada	Dollar ..	4.33*
Denmark	Kroner ..	0.69
India	Rupee ..	1.00
Japan	Yen ..	.0132
New Zealand	Pound ..	13.23
Pakistan	Rupee ..	1.44
Philippines	Peso ..	2.38
Singapore	Dollar ..	1.55
South Africa	Pound ..	13.34†
Sweden	Kroner ..	0.92
Switzerland	Franc ..	1.11
United Kingdom	Pound ..	13.34
U. S. A.	Dollar ..	4.76

* Withdrawn on 2nd October, 1950.

† Parity revised to Rs. 13.33 by subsequent amendment published in the *Ceylon Government Gazette* of same date.Circular No. 1
28th August, 1950.

(ii)

CENTRAL BANK'S EXCHANGE RATES

(Reference : Section 73 of the Monetary Law Act)

1. The following exchange rates are applicable to transactions by the Central Bank with commercial banks in Ceylon :—

	Central Bank Buying Rates for telegraphic transfers	Central Bank Selling Rates for telegraphic transfers
Sterling (per Ceylon Rupee) Ready	1/6 ..	1/5 63/64
Forward (up to six months)	1/6* ..	1/5 31/32**
Indian Rupees (per 100)	Rs. 99 15/16 ..	Rs. 100

* Contracts to be taken up at the option of the seller.

** Contracts to be taken up at the option of the buyer.

2. The provisions of this Circular may be withdrawn, added to, or amended at any time.

JOHN EXTER,
Governor, Central Bank of Ceylon.Circular No. 1/1
8th December, 1950.**CENTRAL BANK'S EXCHANGE RATES**

Reference section 73 of the Monetary Law Act, the following exchange rates with respect to the U. S. dollar are applicable to transactions by the Central Bank with commercial banks in Ceylon :—

	Central Bank buying Rates for telegraphic transfers	Central Bank selling Rates for telegraphic transfers
U. S. dollar—spot per \$ 100	Rs. 476.25 ..	Rs. 476.65
forward per \$ 100 up to six months	42 cents per month discount for purchases and premium for sales against spot	

2. Provisions of this Circular may be withdrawn, added to, or amended at any time.

JOHN EXTER,
Governor, Central Bank of Ceylon.

CENTRAL BANK'S EXCHANGE RATES

(Reference : Section 73 of the Monetary Law Act)

1. The following exchange rates are applicable to transactions by the Central Bank with commercial banks in Ceylon :—

	<i>Central Bank buying rates for telegraphic transfers</i>	<i>Central Bank selling rates for telegraphic transfers</i>
Sterling (per Ceylon rupee)		
Spot	<i>s d</i> 1/6	<i>s d</i> 1/5 63/54
Forward (up to six months)	<i>s d</i> 1/6*	<i>s d</i> 1/5 31/32
Forward (up to six months) against purchase of forward dollars of corresponding delivery	—	<i>s d</i> 1/5 63/54
United States dollar (per 100)		
Spot	<i>Rs. c.</i> 476 25	<i>Rs. c.</i> 476 65
Forward (up to six months)	42 cents per month discount against spot†	42 cents per month premium against spot†
Indian Rupee (per 100)		
Spot	<i>Rs.</i> 99 15/16	<i>Rs.</i> 100
Forward (up to six months)	1/64 of a rupee per month discount against spot†	1/64 of a rupee per month premium against spot†

*Contracts to be taken at the option of the commercial bank.

† Contracts to be taken up at the option of the commercial bank but at the contracted exchange rate if taken up before expiry of the contract period.

2. Provisions of this Circular may be withdrawn, added to or amended at any time.

JOHN EXTER,
Governor, Central Bank of Ceylon.

(iii)

COMMERCIAL BANKS' EXCHANGE RATES

(Reference : Section 75 of the Monetary Law Act)

1. The following exchange rates are applicable to transactions by commercial banks :—

	<i>Minimum Buying Rates Clean telegraphic transfers Rs. c.</i>	<i>Maximum Selling Rates Clean telegraphic transfers Rs. c.</i>
Sterling (per £1)		
(a) For amounts of £100 or below ..	13.28 (Corresponding to 1/6 1/16 per rupee)	13.38 (Corresponding to 1/5 15/16 per rupee)
(b) For amounts over £100 ..	13.31 (Corresponding to 1/6 1/32 per rupee)	13.36 (Corresponding to 1/5 31/32 per rupee)
United States dollars (per \$ 1) ..	4.75	4.77½
Canadian dollars (per \$ 1) ..	4.31½	4.34
Indian rupees (per 100 Indian rupees) ..	99 29/32	100 1/32
Australian pounds (per A. £. 1) ..	—	10.73 (Corresponding to 1/10 3/8 per rupee)
Pakistan rupees (per 100 Pakistan rupees) ..	143.36 (Corresponding to 69½ Pakistan rupees per 100 Ceylon rupees)	144.41 (Corresponding to 69½ Pakistan rupees per 100 Ceylon rupees)

2. The provisions of this circular may be withdrawn, added to or amended at any time.

JOHN EXTER,
Governor, Central Bank of Ceylon.

Circular No. 2/1

COMMERCIAL BANKS' EXCHANGE RATES

(Reference : Section 75 of the Monetary Law Act)

This Circular amends Circular No. 2.

Until further notice minimum buying and maximum selling rates will not be applicable to transactions by commercial banks in Canadian dollars.

Colombo 1, 2nd October, 1950.

JOHN EXTER,
Governor, Central Bank of Ceylon.Circular No. 4.
28th August, 1950.

(iv)

CENTRAL BANK'S RATE OF INTEREST ON ADVANCES

(Reference : Section 82 of the Monetary Law Act)

1. The rate of interest on advances by the Central Bank secured by the pledge of Government securities is 2½ per cent. per annum.

2. The provisions of this circular may be withdrawn, added to or amended at any time.

JOHN EXTER,
Governor, Central Bank of Ceylon.

(v)

The Monetary Law Act

REGULATION made by the Monetary Board of the Central Bank of Ceylon, under Sections 10 (c), 92, 93, 95 and 96 of the Monetary Law Act, No. 53 of 1949.

Colombo, 28th August, 1950.

JOHN EXTER,
Governor, Central Bank of Ceylon.

REGULATION D

Reserve Requirements

1. The reserves required to be held by commercial banks shall take the form of rupee deposits in the Central Bank and shall—

- (a) in the case of demand deposits, be an amount equal to * ten per centum of the total of the demand deposits ; and
- (b) in the case of time and savings deposits, be an amount equal to five per centum of the total of such deposits.

The percentages specified above shall be deemed to constitute the reserve ratios applicable respectively to the classes of deposit liabilities mentioned above.

2. The calculation of the amount of the required reserves of a commercial bank shall be made each Friday on the basis of the total of its demand deposits and of the total of its time and savings deposits, at the close of business on the Wednesday immediately preceding, or if the Wednesday was a Bank holiday, on the working day last preceding it.

Each amount so calculated shall be maintained as a reserve at the close of business on the date of calculation and on each succeeding day until the date of the next succeeding calculation.

3. Interest at the rate of one thirtieth of one per centum per day shall be paid under Section 96 (1) of the Act by a commercial bank to the Central Bank on the amount of the deficiency of its required reserves. Such interest shall be paid not later than the Friday next following the Friday on which such reserves were calculated under Section 95 of the Act.

4. A notice issued under the hand of the Chief Accountant of the Central Bank, or any officer authorised by him in that behalf, stating—

- (a) that the reserves of such commercial banks are below the amount of the required reserves ;
- (b) the date on which there was deficiency of such reserves ;
- (c) the amount of such deficiency ; and
- (d) the amount of interest payable on the amount of the deficiency,

shall be deemed to be sufficient notice to such bank of the interest due from such bank.

5. Every commercial bank shall not later than 12 noon on each Friday, furnish to the Chief Accountant of the Central Bank a return substantially in the form prescribed in the Schedule hereto.

6. In this regulation unless the context otherwise requires—

“Bank holiday” means any day declared to be a bank holiday by or under the Holidays Ordinance ;

“demand deposits” means all those liabilities, of the commercial banks which are denominated in Ceylon currency and are subject to payment in legal tender upon demand by cheque, draft, or order ; but does not include any such liability if it is subject to payment upon conditions.

“time and savings deposits” means all deposit liabilities other than demand deposits as defined above.

* Amended to 14 per centum with effect from January 5, 1951. (*Ceylon Government Gazette, No. 10,190 of December 15, 1950.*)

(vi)

The Monetary Law Act

REGULATION made by the Monetary Board of the Central Bank, and approved by the Minister of Finance, under section 56 of the Monetary Law Act, No. 58 of 1949.

Colombo, 28th August, 1950.

JOHN EXTER,
Governor, Central Bank of Ceylon.

REGULATION E

Replacement of Unfit Currency

1. In this Regulation unless the context otherwise requires :—

“ altered note ” means a note in which an alteration has been made in the number, date, signature or value or in any other respect ;

“ authorised officer ” means any officer authorised in that behalf by the Board ;

“ half note ” means one half of a note which has been divided vertically through or near the centre ;

“ mismatched note ” means an imperfect note formed by joining a half note of one note to a half note of another note ;

“ mutilated note ” means a portion of a note (being a note the other portion of which is missing) which is clearly more than a half note and each part of which, if it consists of parts of a note joined together, is identifiable as part of the same note ;

“ note ” means a currency note of the Central Bank, including a currency note issued or deemed to be issued by the Board of Commissioners of Currency under Ordinance, No. 21 of 1941 ;

“ number ” includes the letters of the series to which the note belongs ;

“ obliterated note ” means a note, not being a mutilated or altered note, of which a portion has become or has been rendered undecipherable.

2. No claim for the refund of the value of a damaged or mutilated note will be entertained unless such claim is made within a period of twelve months reckoned from the date when it might first have been made.

3. No claim in respect of a half note or a mismatched note shall be entertained unless such half note or each of the half notes comprising the mismatched note is part of a note of which the denomination exceeds two rupees.

4. A claim for the value of a half note shall be rejected unless the number of the note is identified on the half note and such half note is entire and has not been divided and rejoined.

5. A claim for the value of a mutilated note of a denomination not exceeding ten rupees shall be rejected unless in the opinion of the authorised officer the portion tendered is at least three quarters of the whole note, or, if made up of two or more pieces, such pieces belong to one and the same note.

6. A claim for the value of a mutilated note of a denomination exceeding ten rupees shall be rejected unless the number of the note can be identified with certainty by the authorised officer as one of not more than two numbers.

7. Where a claim for the value of a mutilated note is rejected under paragraph 5 or paragraph 6 of this Regulation the note shall be stamped with the words “ PAYMENT REFUSED ” and dated before it is returned to the claimant.

8. A claim in respect of an obliterated note or half note shall not be entertained unless the authorised officer is satisfied as to the identity of such note or half note.

9. No claim in respect of an altered note shall be entertained. The authorised officer shall retain every altered note tendered for payment, whether or not the alteration has been made with intent to defraud, and may in addition require every tenderer of an altered note to state in writing the circumstances in which such altered note came into his possession.

10. No claim in respect of a wilfully mutilated note shall be entertained by the authorised officer. If there are clear indications of wilful mutilation, the authorised officer shall retain the note and in addition require every tenderer of a wilfully mutilated note to state in writing the circumstances in which such note came into his possession.

11. A claim for half the value of a note of the denomination of Rs. 50 and above, of which a half note only is presented, shall be entertained if the authorised officer is satisfied that a claim in respect of a note of the corresponding number and denomination has not been entertained earlier and that the note remains unpaid, or if entertained earlier, that only half value had been paid on that occasion.

12. (1) A claim for the full value of a note—

(i) when only a half note is tendered ; or

(ii) when the portion tendered is less than a half note but contains one number which can be identified beyond doubt,

shall be accompanied by a statement, signed by the claimant, that he was the last lawful holder of the entire note and also briefly detailing the circumstances in which the loss or destruction of the missing portion of the note took place.

(2) If full value of the note has already been paid the claim shall be rejected.

(3) If half the value of the note has already been paid the authorised officer may order half the value of the note to be paid.

(4) If another claim has been received and is under investigation, the authorised officer may order that one claimant be paid the full value of the note, or that each claimant be paid half the value of the note or that both claims be rejected.

(5) If the authorised officer is not satisfied that the counterpart of the section of the note tendered has been lost or destroyed in such circumstances that there is no probability of its being presented at some future date, he may order half the value of the note to be paid or reject the claim.

(6) If the authorised officer is satisfied that the counterpart of the section of the note tendered has been lost or destroyed in such circumstances that there is no probability of its being presented at some future date, he may order that full value be paid on the claimant furnishing an indemnity Bond with two sureties in the form prescribed in the Schedule * hereto.

13. Save as otherwise provided in this Regulation, any note presented in prosecution of a claim shall be retained by the Central Bank whatever be the decision on the claim.

14. Notwithstanding anything in any other provision of this Regulation, the value of damaged or mutilated currency notes are refunded as an act of grace and no holder shall be entitled as of right to claim in value of any damaged or mutilated currency note.

* Not reproduced.

The Monetary Law Act

REGULATION made by the Monetary Board of the Central Bank, and approved by the Minister of Finance, under section 56 of the Monetary Law Act, No. 58 of 1949.

Colombo, 20th January, 1951.

JOHN EXTER,
Governor, Central Bank of Ceylon.

REGULATION

Regulation E relating to the replacement of unfit currency published in *Gazette Extraordinary* No. 10,143 of August 28, 1950, is hereby amended as follows:—

(1) in paragraph 1 :

(a) by the substitution in the definition of the term " authorised officer ", for the word " Board ", of the word " Governor "; and

(b) by the substitution in the definition of the term " half note ", for the words " vertically through ", of the words " vertically, horizontally or diagonally through " ;

(2) in paragraph 5, by the substitution, for the words " or, if ", of the words " and, if " ; and

(3) in paragraph 12, by the substitution in sub-paragraph (1), for the word " note— ", of the words " note of the denomination of Rs. 50 and above— " .

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