

CHAPTER 307

OPENING OF ACCOUNTS IN BANKS

Acts  
Nos. 65 of 1961  
(Part III),  
36 of 1968.

AN ACT TO MAKE PROVISION FOR THE OPENING OF ACCOUNTS IN BANKS AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

[12th October, 2961.]

Short title.

1. This Act may be cited as the Opening of Accounts in Banks Act\*.

succeeding proviso referred to as a "foreign bank"), he opens a loan or overdraft account in such foreign bank; or

Opening of accounts in banks on or after the 27th July, 1961.

2. (1) On and after the 27th day of July, 1961—

- (a) no person who is a citizen of Sri Lanka,
- (b) no body corporate of which any director is a citizen of Sri Lanka,
- (c) no firm of which any partner is a citizen of Sri Lanka, or
- (d) no other body of persons, by whatever name called, the affairs of which are managed by one or more persons who is a citizen of Sri Lanka or who are citizens of Sri Lanka,

- (b) on the maturity of a fixed deposit held by him on the 27th day of July, 1961, in any foreign bank, he renews such deposit after that date ; or
- (c) at any time on or after that date, he places on fixed deposit with a foreign bank a sum which together with all other sums, if any, at the date of such deposit held by that bank on fixed deposit in his name does not exceed the sum, or the aggregate of all sums, which he had on fixed deposit with the same foreign bank on the 27th day of July, 1961;

shall open any account whatsoever in any bank other than in the People's Bank, the Bank of Ceylon, the National Savings Bank or any bank registered or deemed to be registered as a society under the Co-operative Societies Law:

And provided, further, that a citizen of Sri Lanka who is an employee of any foreign bank shall be deemed not to have contravened the preceding provisions of this section by reason only of the fact that he, while so employed, opens an account, whether current or savings or fixed, with that bank.

Provided that any person who is referred to in paragraph (a) or paragraph (b) or paragraph (c) or paragraph (d) shall be deemed not to have contravened the preceding provision of this subsection by reason only of the fact that,—

- (a) having had a current account on the 27th day of July, 1961, in any bank other than the People's Bank or the Bank of Ceylon (in this and the

(IA) The opening of an account in any approved bank in the name of any person, body corporate, firm or other body of persons referred to in subsection (1) shall be deemed not to be a contravention of the provisions of subsection (1). [§2,36 of 1968-]

(2) Nothing in the provisions of subsection (1) shall be deemed or construed to permit any person referred to in

\* Sections 22 to 23 of the Finance Act, No. 65 of 1961, and relevant parts of sections 57, 60, 61, 61A and 62 of that Act are renumbered sections 2 to 8 and reproduced as "Opening of Accounts in Banks Act" in this Edition.

paragraph (a) or paragraph (b) or paragraph (c) or paragraph (d) of that subsection who has already an account in the People's Bank or the Bank of Ceylon on the 27th day of July, 1961, to increase the amount in any savings account or deposit account from which withdrawals cannot be made on demand (other than a fixed deposit account), held in any commercial bank other than the People's Bank or the Bank of Ceylon. In this subsection the expression "commercial bank" shall have the same meaning as in section 127 of the Monetary Law Act.

Special provision to enable accounts to be opened in banks other than those mentioned in section 2(1). [§3, 36 of 1968.]

**2A.** (1) The Minister, acting on the recommendation of the Monetary Board, may, from time to time, by Order published in the Gazette, declare that any bank, other than any bank mentioned in subsection (1) of section 2, whose name is specified in the Order shall, from such date as shall be specified therein, be an approved bank for the purposes of this section.

(2) The Minister, acting on the recommendation of the Monetary Board, may, by Order published in the Gazette, amend or revoke any Order published by him under subsection (1).

(3) The Monetary Board may, from time to time, determine the terms and conditions which shall be complied with by any approved bank. The Monetary Board shall communicate in writing every such determination to such bank.

(4) Every Order made by the Minister in pursuance of the provisions of this section shall, as soon as may be after its publication in the Gazette, be tabled in Parliament. Parliament may by resolution revoke any Order made by the Minister under this section within sixty days of the publication of such Order in the Gazette, and in the computation of such period of sixty days no account shall be taken of any period during which Parliament stands prorogued or dissolved. Such revocation of any Order shall be without prejudice to the validity of anything previously done thereunder.

(5) Any approved bank may open any account whatsoever in that bank in the

name of any person, body corporate, firm or other body of persons referred to in section 2(1).

(6) In section 2 and this section, the expression—

(a) "approved bank" means any bank in respect of which an Order published by the Minister under subsection (1) is for the time being in force;

(b) "Monetary Board" means the Monetary Board of the Central Bank established under the Monetary Law Act.

**3.** The competent authority may by notice in writing direct the manager of any bank to furnish within such time as may be specified in the notice such information as he may require for the purposes of this Act and the manager shall comply with such notice.

Managers of banks required to furnish information for the purposes of this Act.

**4.** There may be appointed such number of persons, by name or by office, to be or to act as competent authorities, as may be necessary for the purposes of this Act. A person may be so appointed for the whole of Sri Lanka or any particular area thereof and the expression "competent authority", wherever it occurs in this Act, shall be construed accordingly.

Appointment of competent authorities.

**5.** (1) The Minister may make regulations for the purposes of carrying out and giving effect to the principles and provisions of this Act.

Regulations.

(2) 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.

(3) Every regulation made by the Minister shall, as soon as 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 disapproval, but without prejudice to anything previously done thereunder.

Offences.

- 6. Any person who—
  - (a) contravenes or fails to comply with any provision of this Act or any regulations made thereunder; or
  - (b) makes an incorrect declaration otherwise than by error or oversight,

(b) if that body of persons is a firm, every partner of that firm,

shall be deemed to be guilty of that offence:

Provided that a director or an officer of such body corporate or a partner of such firm shall not be deemed to be guilty of that 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.

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a period not exceeding one year or to both such fine and imprisonment.

Offences by body of persons.

7. Where an offence under this Act is committed by a body of persons, then—

- (a) if that body of persons is a body corporate, every director and officer of that body corporate ; and

8. No suit or prosecution shall lie against any competent authority or any officer acting under the direction of that authority for any act which in good faith is done or purported to be done by him under this Act.

Protection for action taken under this Act.