



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**NATIONAL DEVELOPMENT BANK OF
SRI LANKA (CONSEQUENTIAL
PROVISIONS) ACT, No. 1 OF 2005**

[Certified on 7th February, 2005]

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*National Development Bank of Sri Lanka
(Consequential Provisions) Act, No. 1 of 2005*

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L. D.—O. 47/2003.

AN ACT TO MAKE PROVISIONS CONSEQUENTIAL TO THE REGISTRATION OF THE NATIONAL DEVELOPMENT BANK OF SRI LANKA AS A PUBLIC COMPANY; AND TO PROVIDE 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 National Development Bank of Sri Lanka (Consequential Provisions) Act, No. 1 of 2005. Short title.

2. The National Development Bank of Sri Lanka Act, No. 2 of 1979 shall as from such date as may be specified by the Minister by Order published in the Gzette (hereinafter referred to as the “specified date”), be repealed. Such date shall be a date which is not later than six months from the date of the Certification of this Bill as an Act of Parliament by the Speaker under Article 79 of the Constitution. Repeal of Act No. 2 of 1979.

3. (1) The Minister may, at any time after the coming into operation of this Act, forward to the Registrar of Companies a Memorandum and Articles of Association duly approved by the Monetary Board together with a direction to such Registrar requiring him to register the National Development Bank of Sri Lanka as a public company under the Companies Act, No. 17 of 1982, in such name as is specified by the Minister in such direction. Registration of the National Development Bank of Sri Lanka as a public company.

(2) Notwithstanding anything contained in the Companies Act, No. 17 of 1982, the Registrar of Companies shall, on receipt of a direction under subsection (1)—

- (a) issue a Certificate of Incorporation under subsection (1) of section 15 of the aforesaid Act, in such name as is specified in the direction under subsection (1) ;
and

- (b) publish an Order in the Gazette declaring that from the specified date a public company is incorporated in the name specified in the direction under subsection (1), (hereinafter referred to as “the company”) to take over and carry on the business of the National Development Bank of Sri Lanka as a going concern.

Business of
National
Development
Bank of Sri Lanka
to vest in
company.

4. With effect from the specified date, the business of the National Development Bank of Sri Lanka established by section 2 of the National Development Bank Act, No. 2 of 1979, shall vest absolutely in the company referred to in the Order published under subsection (2) of section 3.

Transitional
provisions.

5. Upon the repeal of the National Development Bank of Sri Lanka Act, No. 2 of 1979, as provided for in section 2 of this Act—

- (a) the share capital of the National Development Bank of Sri Lanka as on the day immediately preceding the specified date shall be deemed to be the share capital of the company as at the specified date ;
- (b) all shareholders of the National Development Bank of Sri Lanka on the day immediately preceding the specified date shall be deemed to be the shareholders of the company as at the specified date and the shares held by such shareholders in the company shall be identical in number to that held by them in the Bank on the day immediately preceding the specified date and all share certificates issued by the Bank shall be read and construed as if such share certificates were share certificates issued by the company;
- (c) all officers and servants of the National Development Bank of Sri Lanka holding office on the day immediately preceding the specified date shall be deemed to be employees of the company with effect from the specified date and such officers and servants shall continue to hold office on terms and conditions not less favourable than the terms and conditions enjoyed by them under the Bank, immediately preceding the specified date ;

- (d) all contracts, deeds, bonds, agreements, guarantees, powers of attorney, grants of legal representation and other instruments of whatever nature of the National Development Bank of Sri Lanka, subsisting or having effect on the day immediately preceding the specified date and to which the Bank is a party or which are in favour of the Bank shall be deemed with effect from the specified date to be contracts, deeds, bonds, agreements, guarantees, powers of attorney, grants of legal representation and other instruments of whatever nature entered into by or granted in favour of, as the case may be, by the company;
- (e) all reserves maintained by the National Development Bank of Sri Lanka for purposes of the Banking Act or otherwise, on the day immediately preceding the specified date shall be deemed with effect from the specified date, to be reserves of the company;
- (f) all actions and proceedings of whatever nature instituted by or against the National Development Bank of Sri Lanka and pending on the day immediately preceding the specified date shall be deemed as from the specified date, to be actions and proceedings instituted by or against the company and may be continued accordingly;
- (g) the National Development Bank of Sri Lanka Provident Fund, the National Development Bank of Sri Lanka Pension Fund and the National Development Bank Employee Share Option Scheme established by the Bank and existing on the day immediately preceding the specified date and shall be deemed as from the specified date, to be the Provident Fund, Pension Fund and Share Option Scheme respectively, established by the company;

- (h) all tax credits, refunds, losses, concessions, relief, benefits and liabilities of the National Development Bank of Sri Lanka subsisting on the day immediately preceding the specified date shall be deemed as from the specified date, to be tax credits, refunds, losses, concessions, reliefs, benefits and liabilities of the company;
- (i) all judgments, decrees or orders entered in favour of, or against the National Development Bank of Sri Lanka by any Court in any action or proceeding shall with effect from the specified date be deemed to be a judgment, decree or order entered in favour of, or against the company.

Limited applicability of section 30 of the National Development Bank of Sri Lanka Act, No 2 of 1979.

6. Notwithstanding the repeal of the National Development Bank of Sri Lanka Act, No. 2 of 1979 by section 2 of this Act, the provisions of subsections (2), (3), (4), (5) and (6) of section 30 of the National Development Bank of Sri Lanka Act, No. 2 of 1979 shall from and after the specified date, continue to be operative and of full force and avail in law as if such section had never been repealed, until the loans so guaranteed by the Government of Sri Lanka in terms of such section are repaid in full and no further. Every loan guaranteed as aforesaid prior to the specified date and subsisting on the day immediately preceding the specified date, shall as from the specified date continue to subsist as if the loans so guaranteed were loans raised by the company.

Consequential amendments to written laws &c..

7. With effect from the specified date every reference to the National Development Bank of Sri Lanka in any Act, regulation, notification, contract, instrument, record, share certificate, document, deed, bond, agreement, guarantee, power of attorney, grant of legal representation and other instruments of whatever nature whatsoever, shall be deemed to be a reference to the company whenever it is appropriate or necessary to give effect to the provisions of this Act and the name of the company specified in the direction under subsection (1) of section 3, shall, whenever it is necessary or appropriate so to do, be substituted in place of the name of the Bank.

8. (1) The Monetary Board may make rules as it deems necessary to assist the company to conform within a specified period (hereinafter referred to as “compliance period”) with the requirements of the Banking Act, No. 30 of 1988 and the Monetary Law Act, (Chapter 422) that apply in relation to a licensed commercial bank to which requirements the company as a licensed specialized bank, was not subject to : Monetary Board to make rules.

Provided that during the compliance period, the provisions of the Banking Act and the Monetary Law Act which contain the aforesaid requirements shall not apply to the company to the extent necessary to give effect to such rules.

(2) Every rule made by the Monetary Board 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.

9. (1) The Minister may make regulations for the purpose of facilitating the vesting of the business of the Bank in the company in accordance with the provisions of section 3. Regulations.

(2) Every regulation made by the Minister 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 in the regulation.

(3) Every regulation made under subsection (1) shall as soon as convenient be placed 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.

(4) Notice of the date on which the regulation is disapproved shall be published in the *Gazette*.

10. In the event of an inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency.

Interpretation.

11. For purposes of this Act, unless the context otherwise requires —

“company” means the company referred to in the Order published under paragraph (b) of subsection (2) of section 3 ;

“business” includes —

- (a) the business carried on by the National Development Bank of Sri Lanka as a licensed specialised bank, as at the specified date;
- (b) all property immovable and movable of the National Development Bank of Sri Lanka as at the specified date (including cash balances, reserve funds, investments and deposits);
- (c) all liabilities, including deposits and contingent liabilities, of the National Development Bank of Sri Lanka as at the specified date;
- (d) all rights, powers, privileges, authorities, obligations, duties and interests arising in or out of the said business, such property and such liabilities as at the specified date including the license issued to the National Development Bank of Sri Lanka by the Monetary Board under subsection (3) of section 76A of the Banking Act;
- (e) all books, accounts and documents relating or appertaining to the National Development Bank of Sri Lanka or to any property of the Bank at the specified date;

“Banking Act” means the Banking Act, No. 30 of 1988 as amended from time to time;

“National Development Bank of Sri Lanka” means the National Development Bank established by the National Development Bank of Sri Lanka Act, No. 2 of 1979.

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