



**Code of Conduct for the
Members of the
Monetary Board & Monetary Board Appointed
Advisory/Sub Committees**

January, 2019



CONFIDENTIAL

SECRET

Department of Defense

Office of the Secretary of Defense

SECURITY



Code of conduct for the members of the Monetary Board of the Central Bank of Sri Lanka

WHEREAS:

- a) In terms the provisions of section 8(1) of the Monetary Law Act, No 58 of 1949 (hereinafter referred to as the "MLA"), the Monetary Board of the Central Bank of Sri Lanka (hereinafter referred to as the "Board") has been vested with the responsibility of determining the policies or measures authorized to be adopted or taken under the provisions of the MLA, and the powers, duties and functions of the Central Bank of Sri Lanka (hereinafter referred to as the "Bank") under the MLA, and is generally responsible for the management, operations and administration of the Bank.
- b) Members of the Board (hereinafter referred to as the "Board members") have taken note of the nature of tasks vested with the Board by law, including the Bank's visibility and its interventions with respect to the country's economy and the financial sector, which create a legitimate need for a Code of Conduct for the Board members.

1. Scope of Application

- 1.1 This Code of Conduct (hereinafter referred to as the "Code") gives guidance to and lays down ethical standards and benchmarks for the Board members and their alternates, appointed in accordance with provisions of the MLA, when exercising their functions as Board members. The Code draws on, supplements and is without prejudice to the provisions of the MLA, policies of the Bank and other legal obligations.
- 1.2 The Code will be applicable to all Board members, Deputy Governors and the Secretary to the Board to the extent that the applicability is required, and unless the Board has otherwise determined to the Board appointed advisory/sub-committees.
- 1.3 For the purposes of this Code:
"undue advantage" includes any gift, hospitality, service, entertainment or any other benefit of a financial or non-financial nature which objectively improves the financial, legal or personal situation of the recipient and to which the recipient is

not otherwise entitled. Minor hospitality offered during work-related matters or meetings such as a diary, a calendar shall not be considered as an undue advantage. An undue advantage is considered connected with a recipient's position at the Board if it is offered on the basis of the recipient's position at the Board, rather than on a personal basis.

"conflict of interest" means a situation where a Board member has, direct or indirect personal interests which may influence or appear to influence the impartial and objective performance of his/her duties and responsibilities.

"Ethics Committee" means the committee appointed by the Board which shall consist of:

- a) an appointed member of the Board as may be nominated by the Board, who shall be the Chairman,
- b) an external member as may be nominated by the Board,
- c) all Deputy Governors, and
- d) Secretary to the Board who shall also act as the Secretary to the Ethics Committee.

"family member" includes the spouse, children, parents and, siblings of the Board member and of the Board member's spouse, whether by blood or adoption, and any other person who habitually resides in the same household as the Board member.

"Monetary Board" means the Monetary Board of the Central Bank of Sri Lanka as specified in the provisions of the Monetary Law Act, No. 58 of 1949.

"personal interests" include any benefit or potential benefit or avoidance of loss, of a financial or non-financial nature, for the Board members, their family members and other relatives or for their circle of friends and close acquaintances.

2. Basic Standard of Conduct

A Board member shall observe the highest standards of ethical conduct and principles of good governance. In the performance of his/her duties, he/she shall carry out the responsibilities vested with him/her by law or procedures to the best of his/her ability

and judgment and act honestly, independently, impartially with discretion but within the parameters of such laws and procedures and without regard to self-interest and, avoid any situation which may give rise to conflict of interests. He/she shall be mindful of the importance of his/her duties and responsibilities whilst taking into account the public character of his/her functions. A Board member shall conduct himself/herself in a way that maintains highest standards of integrity, ensuring and promoting public confidence in the CBSL.

3. Prevention of Conflict of Interests

- 3.1 In performing his/her duties, a Board member shall carry out his/her responsibilities to the exclusion of any personal advantage.
- 3.2 Given the impact of his/her decisions on the stability of the markets and the financial system, a Board member shall always be able to act with full independence and impartiality.
- 3.3 A Board member shall avoid any situation of a conflict or an appearance of a conflict, between his/her personal interests and the performance of his/her official duties of the Bank. A conflict of interests may arise where a Board member has private or personal interests, which may influence or appear to influence the impartial and objective performance of his/her duties. If such a conflict arises, a Board member shall promptly inform the Board and withdraw from participation in any decision making connected with the matter.
- 3.4 A Board member who is invited to take part in decision-making processes of the Bank as part of his/her duties, including procurement procedures and hiring of new employees, in whose handling or outcome he/she has a personal interest, shall immediately disclose same to the Board.
- 3.5 A Board member shall inform the Board if the professional occupation of a family member is liable to cause a conflict of interests.

3.6 A Board member shall ensure that he/she does not take office at:

- a) a financial institution that is directly regulated or supervised by the Bank before the expiry of a period of one year from the date he/she ceases to be a Board member;
- b) a financial institution that is not directly regulated or supervised by the Bank, but where a conflict of interest exists or could be perceived to exist, before the expiry of a period of one year from the date he/she ceases to be a Board member; and
- c) an institution other than a financial institution, where a conflict of interest exists or could be perceived to exist before the expiry of a period of three months from the date he/she ceases to be a Board member.

3.7 A Board member shall ensure to avoid any conflict of interests that could arise from any new private or professional undertakings at an institution as specified in paragraph 3.6 above during the first year after he/she ceases to be a Board member. A Board member shall, in particular, inform the Board, in writing, whenever he/she intends to engage in such activities and shall seek advice of the Board before committing himself/herself.

3.8 In case of doubt over conflict of interest or incompatibilities between the duties undertaken and other activities, a Board Member shall request prior opinion from the Ethics Committee.

4. Personal Financial Affairs

A Board member shall not use, or disclose to others, confidential information to which he/she has access for the purposes of carrying out private financial transactions, whether directly or indirectly, via a third party or whether conducted at his/her own risk and for his/her own account, or at the risk and for the account of a third party.

5. Disclosures

5.1 A Board member shall make written disclosures to the Board of any financial or business interests of his/her own or his/her family members and a list of institutions of

which he/she is a member or in which he/she exercises functions, updating whenever changes take place.

- 5.2 A Board member shall, on appointment to the Board and, annually thereafter, and in the case of a significant change in the duties or personal circumstances of such Board member, complete a Code of Certification informing his/her awareness and compliance with the Code in the form specified in Schedule I.
- 5.3 A Board member shall submit a Declaration of Assets and Liabilities:
- a) as at the time of appointment to the Board, within two weeks of the date of appointment, and
 - b) annually thereafter, as at 31st March in each succeeding year by the 30th June in such year,
- in the form specified in Schedule II to the Secretary to the Board in a sealed envelope.
- 5.4 The Secretary to the Board shall preserve all such Disclosure Statements, Code of Certification and Declarations of Assets and Liabilities given by individual Board members, separately at the secretariat.
- 5.5 The Chairman of the Board shall open an envelope which contains a Declaration of Assets and Liabilities given by a Board member only when the Board determines that there is a reason to believe that such Board member has breached any provision of the Code. A Board member shall openly open an envelope which contains a Declaration of Assets and Liabilities given by the Chairman of the Board, at a meeting of the Board only when the Board determines that there is a reason to believe that the Chairman of the Board has breached any provision of the Code.
- 5.6 Any person who use information contained in such Declarations of Assets and Liabilities in any manner other than as specified in paragraph 5.5 above, is considered to have violated the provisions of section 45 of the MLA.
- 6. Professional secrecy, protection of personal data and inside information**
- 6.1 **Professional secrecy**
- 6.1.1 A Board member shall be bound by the duty to maintain secrecy.

- 6.1.2 A Board member shall take all precautions necessary to ensure that the persons having access to his/her information also respect the professional secrecy obligations imposed on him/her.
- 6.1.3 A Board member shall ensure non-divulgence of confidential information, specifically, in public speeches or statements and in relations with media with regard to any policy decision relating to or incidental to the affairs of the Bank that have not yet been officially disclosed to the public.
- 6.1.4 A Board member, when making public statements or speak to the media on the Bank related matters, shall make clear whether he/she is speaking in his/her own name or on behalf of the Board. A Board Member shall not make any public statement or speak to the media on behalf of the Board, without being authorized by the Board to do so.

6.2 Protection of data

- 6.2.1 A Board member shall, in respect of data pertaining to financial institutions, customers or parties related to such financial institutions or private individuals, including the employees of the Bank, in addition to respecting the applicable legal and regulatory provisions, use utmost prudence in the handling of those data, in order to preserve confidentiality, particularly refraining from communicating them to any unauthorized individual.
- 6.2.2 A person who ceases to be a Board member shall not use or disclose confidential information known to him/her by reason of his/her membership at the Board, and shall not contact Board members or any other employee of the Bank, except officially, to obtain confidential information.

7. Gifts and entertainment

A Board member shall exercise diplomacy and judgment to avoid the improper influence or an appearance of improper influence on the performance of his/her official duties in accepting favors, gifts and entertainment from any person. The ordinary courtesies of international business and diplomacy may be accepted, but substantial and unusual gifts, favors and entertainment as well as services of

significant monetary value considering their materiality, nature and appropriateness, shall not be accepted.

8. Ethics Committee

The Board may, where it considers necessary, seek clarification from the Ethics Committee in relation to interpretation and application of this Code.

9. Breach of the Code

9.1 If the Board is of the opinion that the conduct of the Chairman or any Board member does not meet the standards set out in the Code or is otherwise illegal, dishonest or unethical, the Board may recommend the Minister in charge of the subject of Finance to initiate actions, as he may deem fit.

9.2 The Board may, where appropriate, report any breaches of the Code, or any possible violations of law, to law enforcement authorities. However, this does not prevent the personal responsibility of a Board member to report to law enforcement authorities of any possible violations of law by any person.

10. Effective date

10.1 The Board has approved the Code at its meeting No. 42/2018 held on 05.12.2018 and the Code shall be effective from 01.01.2019.

10.2 The Code shall be reviewed annually by the Corporate Management Committee under the guidance of the Ethics Committee. The review shall be presented to the Board for its approval, by the Secretary.

Schedule I

Certification and disclosure statement

I, (*full name*) the undersigned hereby certify and confirm having read and fully understood the contents and agree to abide by the "Code of Conduct for the members of the Monetary Board of the Central Bank of Sri Lanka". I also agree and undertake to inform the Monetary Board of any change of the status as indicated in paragraph 5.1, promptly.

Date	
Changes to status, if any	

.....
(*Signature*)

Schedule II

Declaration of Assets and Liabilities as at

1. Personal Details

1.1 Full name:

1.2 NIC/Passport number:

1.3 Date of birth:

1.4 Permanent address:

1.5 Present address:

2. Appointment to the Board

2.1 Date of appointment to the Board:

3. Personal Details of family members

3.1 Full name of the spouse:

3.2 NIC/ Passport number:

3.3 Names of children, parents, and other family members who habitually reside in the same household:

	Full name	Relationship to the Board member	NIC/ Passport number
3.3.1			
3.3.2			
3.3.3			
3.3.4			
3.3.5			
3.3.6			

4. Accounts maintained at banks and non-bank financial institutions by the Board member, spouse and dependent children¹ in Sri Lanka or abroad

Accounts maintained at banks and non-bank financial institutions by the Board member, spouse and dependent children and, accounts maintained at banks and non-bank financial institutions by the Board member, spouse and dependent children as a beneficiary or a trustee:

Name of the bank/ non-bank financial institutions	Account No.	Balance as at *****

5. Immovable and movable properties², presently held by the Board member, spouse and dependent children in Sri Lanka or otherwise

Immovable and movable properties, presently held by the Board member, spouse and dependent children and, immovable and movable properties, presently held by the Board member, spouse and dependent children as a beneficiary or a trustee:

Nature of the property	Date of acquisition	Manner of acquisition	Value of the property

6. Investments

Any investment the Board member, spouse and dependent children and, any investment the Board member, spouse, children presently has, as a beneficiary or a trustee, if any.

¹ "Dependent child" shall mean a child who is unmarried and under eighteen years of age, or a child who is eighteen years of age or over but is dependent on his or her parent, or parents, and includes a step-child or a child who has been adopted under the Adoption of Children Ordinance, No. 24 of 1941.

² This includes land, building, business place, vehicle, jewelry, precious stone etc.

Name of the institution	Date of transaction	Amount as at		Nature of the investment	Type and value of collateral (Rs. Mn)
		Limit	Out-standing		

7. Lending of money or any other property

Direct or indirect lending made by the Board member, spouse and dependent children and, any business transaction the Board member, spouse and dependent children presently has, and for and on behalf of any other person, if any.

Full name of the borrower	Amount lent		Total outstanding as at	
	Direct	Indirect	Direct	Indirect

8. Accommodation³

Any accommodation the Board member, spouse and dependent children and, any business transaction the Board member, spouse and dependent children presently has, and for and on behalf of any other person, if any.

Name of the institution	Date of transaction	Amount as at		Classification (performing/non-performing)	Type and value of collateral (Rs. Mn)
		Limit	Out-standing		

³ "Accommodation" shall mean any loan, overdraft or advance including credit card, any commitment to grant any loan, overdraft or advance including commitment to accept a contingent liability.

9. Any other explanation/information in regard to the information furnished above and other information considered relevant.

DECLARATION:

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the Board fully informed, as soon as possible, of all events, which take place subsequently, which is relevant to the information provided above.

Date:

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(Signature)