

PARLIAMENT OF THE DEMOCRATIC

SOCIALIST REPUBLIC OF

SRI LANKA

ASIAN INFRASTRUCTURE INVESTMENT

BANK AGREEMENT (RATIFICATION)

ACT, No. 7 OF 2016

[Certified on 30th May, 2016]

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Asian Infrastructure Investment Bank Agreement 1

(Ratification) Act, No. 7 of 2016

[Certified on 30th May, 2016]

L.D.—O. 4/2016

AN ACT TO ENABLE SRI LANKA TO BECOME A MEMBER OF THE ASIAN

INFRASTRUCTURE INVESTMENTBANK AUTHORISING THE RATIFICATION

OR ACCEPTANCE BY SRI LANKA OF THE AGREEMENT, ESTABLISHING

THAT BANK, TO WHICH SRI LANKA IS ASIGNATORY, AND TO PROVIDE

FOR MATTERS CONNECTED THEREWITH.

BE it enacted by the Parliament of the Democratic Socialist

Republic of Sri Lanka as follows :—

1. This Act may be cited as the Asian Infrastructure Short title.

Investment Bank Agreement (Ratification) Act, No. 7 of

2016 and shall come into operation on such date as the

Minister may by order published in the Gazette.

2. The Minister assigned the subject of Finance or a Authorization of

person authorized by him shall on behalf of the Government ratification,

acceptance or

of Sri Lanka - approval of the

Agreement

(a) ratify, accept or approve the Articles of Agreement establishing Asian

Infrastructure

establishing the Asian Infrastructure Investment Investment Bank.

Bank , ( in this Act referred to as “the agreement”

and “the bank” respectively), to which Sri Lanka is

a signatory and which is set out in the Schedule to

this Act; and

(b) deposit with the Bank an instrument of such

ratification, acceptance or approval of the

agreement by the Government of Sri Lanka without

reservation in accordance with the written laws of

Sri Lanka.

3. The provisions of Chapter IX of the Agreement shall Status, immunities,

have the force of law in Sri Lanka and accordingly, the Bank privileges and

exemptions

shall have in Sri Lanka the status, immunities, privileges accorded to the

and exemptions as specified in chapter IX, of the Agreement Bank in Sri Lanka.

or as granted in terms of the Diplomatic Privileges Act, No.

9 of 1996 or any other written law.

2—PL 009910—2961 (05/2016)

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Payments out of the 4. There shall be paid out of the Consolidated Fund

Consolidated Fund.

such sums as are payable, or may, from time to time, become

payable, to the Bank by the Government of Sri Lanka as

required to be paid in terms of the Agreement.

Issue of 5. (1) The Minister assigned the subject of Finance may,

Government if he deems necessary on behalf of the Government of Sri

promissory notes

or obligations. Lanka, for the purpose of payment of subscription under

paragraph 5(b) of Article 6 of the agreement create and issue

to the Bank, in such form as he deems necessary, any such

non-negotiable and non-interest bearing promissory notes

or other obligations payable at par value on demand to the

account of the Bank, in lieu of the currency of Sri Lanka in

such circumstances stipulated in Article 6 of the

agreement.

(2) For the purpose of providing any sums required to be

paid out of the Consolidated Fund under section 4, the

Minister assigned the subject of Finance may raise loans, on

behalf of the Government of Sri Lanka, by the creation and

issue to the Central Bank of Sri Lanka, in such form as he

may deem necessary, of non-interest bearing and non-

negotiable promissory notes or obligations.

(3) The Central Bank of Sri Lanka is hereby authorized to

accept and hold any promissory notes or obligations created

and issued in accordance with the provisions of subsection

(2) of this section subject to the provisions of any other

written law.

(4)There shall be paid out of the Consolidated Fund such

sums as may be required for the redemption of any notes or

obligations created and issued to the Central Bank of Sri

Lanka under subsection (1) of this section.

Receipts. 6. All sums received by or on behalf of the Government

of Sri Lanka from the Bank under the Agreement shall be

paid into the Consolidated Fund, and the sums so received,

in so far as they represent capital, shall, unless otherwise

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provided in that behalf under any written law, be applied

from time to time as the Minister assigned the subject of

Finance may direct in the redemption of notes or other

obligations issued to the Central Bank of Sri Lanka under

this Act.

7. (1) The Minister assigned the subject of Finance may Orders.

make Orders as he may consider reasonably necessary for

giving effect to any of the provisions of the Articles.

(2) Every Order made under subsection (1) shall be

published in the Gazette and shall come into operation on

the date of such publication.

(3) Every Order made under subsection (1) shall as soon

as is convenient after its publication in the Gazette be placed

before Parliament for its approval. Any order not so approved

shall be deemed to be rescinded as from the date of such

disapproval.

(4) Notification of the date of which any Order is so

deemed to be rescinded shall be published in the Gazette.

8. The Minister assigned the subject of Finance may General

take all such steps, and make all such arrangements, as he Provisions.

may consider reasonably necessary to enable the

Government of Sri Lanka to meet or discharge its financial

obligations or liabilities under the Agreement.

9. For the purposes of this Act –

Interpretation.

“Central Bank” means the Central Bank of Sri Lanka

established under the Monetary Law Act (Chapter 422).

10. In the event of any inconsistency between Sinhala Sinhala text to

prevail in case

and Tamil texts of this Act, the Sinhala text shall prevail. of inconsistency.

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SCHEDULE

[SECTION 2]

ARTICLES OF AGREEMENT OF THE ASIAN INFRASTRUCTURE

INVESTMENT BANK

The Government on whose behalf this Agreement is signed –

CONSIDERING the importance of regional cooperation to

sustain growth and promote economic and social development of the

economies in Asia and thereby contribute to regional resilience

against potential financial crises and other external shocks in the

context of globalization;

ACKNOWLEDGING the significance of infrastructure

development in expanding regional connectivity and improving

regional integration, thereby promoting economic growth and

sustaining social development for the people in Asia, and contributing

to global economic dynamism;

REALIZING that the considerable long-term need for financing

infrastructure development in Asia will be met more adequately by a

partnership among existing multilateral development banks and the

Asian Infrastructure Investment Bank (hereinafter referred to as the

“Bank”);

CONVINCED that the establishment of the Bank as a multilateral

financial institution focused on infrastructure development will help

to mobilize much needed additional resources from inside and outside

Asia and to remove the financing bottlenecks faced by the individual

economies in Asia, and will complement the existing multilateral

development banks, to promote sustained and stable growth in Asia,

HAVE AGREED to establish the Bank, which shall operate in

accordance with the following:—

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CHAPTER I

PURPOSE, FUNCTIONS AND MEMBERSHIP

Article 1–Purpose

1. The purpose of the Bank shall be to (i) foster sustainable

economic development, create wealth and improve infrastructure

connectivity in Asia by investing in infrastructure and other

productive sectors; and (ii) promote regional cooperation and

partnership in addressing development challenges by working in

close collaboration with other multilateral and bilateral development

institutions.

2. Wherever used in this Agreement, references to “Asia” and

“region” shall include the geographical regions and composition

classified as Asia and Oceania by the United Nations, except as

otherwise decided by the Board of Governors.

Article 2–Functions

To implement its purpose, the Bank shall have the following

functions:—

(i) to promote investment in the region of public and private

capital for development purposes, in particular for

development of infrastructure and other productive sectors;

(ii) to utilize the resources at its disposal for financing such

development in the region, including those projects and

programs which will contribute most effectively to the

harmonious economic growth of the region as a whole

and having special regard to the needs of less developed

members in the region;

(iii) to encourage private investment in projects, enterprises

and activities contributing to economic development in the

region, in particular in infrastructure and other productive

sectors, and to supplement private investment when private

capital is not available on reasonable terms and conditions;

and

(iv) to undertake such other activities and provide such other

services as may further these functions.

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Article 3–Membership

1. Membership in the Bank shall be open to members of the

International Bank for Reconstruction and Development or the Asian

Development Bank—

(a) Regional members shall be those members listed in Part A

of Schedule A and other members included in the Asia

region in accordance with paragraph 2 of Article 1. All

other members shall be non-regional members;

(b) Founding Members shall be those members listed in

Schedule A which, on or before the date specified in Article

57, shall have signed this Agreement and shall have

fulfilled all other conditions of membership before the

final date specified under paragraph 1 of Article 58.

2. Members of the International Bank for Reconstruction and

Development or the Asian Development Bank which do not become

members in accordance with Article 58 may be admitted, under such

terms and conditions as the Bank shall determine, to membership in

the Bank by a Special Majority vote of the Board of Governors as

provided in Article 28.

3. In the case of an applicant which is not sovereign or not

responsible for the conduct of its international relations, application

for membership in the Bank shall be presented or agreed by the

member of the Bank responsible for its international relations.

CHAPTER II

CAPITAL

Article 4–Authorized Capital

1. The authorized capital stock of the Bank shall be one hundred

billion United States dollars ($100,000,000,000), divided into one

million (1,000,000) shares having a par value of 100,000 dollars

($100,000) each, which shall be available for subscription only by

members in accordance with the provisions of Article 5.

2. The original authorized capital stock shall be divided into paid-

in shares and callable shares. Shares having an aggregate par value

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of twenty billion dollars ($20,000,000,000) shall be paid-in shares,

and shares having an aggregate par value of eighty billion dollars

($80,000,000,000) shall be callable.

3. The authorized capital stock of the Bank may be increased by

the Board of Governors by a Super Majority vote as provided in

Article 28, at such time and under such terms and conditions as it

may deem advisable, including the proportion between paid-in and

callable shares.

4. The term “dollar” and the symbol “$” wherever used in this

Agreement shall be understood as being the official currency of

payment of the United States of America.

Article 5–Subscription of Shares

1. Each member shall subscribe to shares of the capital stock of

the Bank. Each subscription to the original authorized capital stock

shall be for paid-in shares and callable shares in the proportion two

(2) to eight (8). The initial number of shares available to be subscribed

by countries which become members in accordance with Article 58

shall be that set forth in Schedule A.

2. The initial number of shares to be subscribed by countries

which are admitted to membership in accordance with paragraph 2

of Article 3 shall be determined by the Board of Governors; provided,

however, that no such subscription shall be authorized which would

have the effect of reducing the percentage of capital stock held by

regional members below seventy-five (75) per cent of the total

subscribed capital stock, unless otherwise agreed by the Board of

Governors by a Super Majority vote as provided in Article 28.

3. The Board of Governors may, at the request of a member,

increase the subscription of such member on such terms and

conditions as the Board may determine by a Super Majority vote as

provided in Article 28; provided, however, that no such increase in

the subscription of any member shall be authorized which would

have the effect of reducing the percentage of capital stock held by

regional members below seventy-five (75) per cent of the total

subscribed capital stock, unless otherwise agreed by the Board of

Governors by a Super Majority vote as provided in Article 28.

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4. The Board of Governors shall at intervals of not more than five

(5) years review the capital stock of the Bank. In case of an increase

in the authorized capital stock, each member shall have a reasonable

opportunity to subscribe, under such terms and conditions as the

Board of Governors shall determine, to a proportion of the increase

of stock equivalent to the proportion which its stock theretofore

subscribed bears to the total subscribed capital stock immediately

prior to such increase. No member shall be obligated to subscribe to

any part of an increase of capital stock.

Article 6–Payment of Subscriptions

1. Payment of the amount initially subscribed by each Signatory

to this Agreement which becomes a member in accordance with

Article 58 to the paid-in capital stock of the Bank shall be made in

five (5) installments, of twenty (20) per cent each of such amount,

except as provided in paragraph 5 of this Article. The first installment

shall be paid by each member within thirty (30) days after entry into

force of this Agreement, or on or before the date of deposit on its

behalf of its instrument of ratification, acceptance or approval in

accordance with paragraph 1 of Article 58, whichever is later. The

second installment shall become due one (1) year from the entry into

force of this Agreement. The remaining three (3) installments shall

become due successively one (1) year from the date on which the

preceding installment becomes due.

2. Each installment of the payment of initial subscriptions to the

original paid-in capital stock shall be paid in dollars or other convertible

currency, except as provided in paragraph 5 of this Article. The

Bank may at any time convert such payments into dollars. All rights,

including voting rights, acquired in respect of paid-in and associated

callable shares for which such payments are due but have not been

received shall be suspended until full payment is received by the

Bank.

3. Payment of the amount subscribed to the callable capital stock

of the Bank shall be subject to call only as and when required by the

Bank to meet its liabilities. In the event of such a call, payment may

be made at the option of the member in dollars or in the currency

required to discharge the obligations of the Bank for the purpose of

which the call is made. Calls on unpaid subscriptions shall be uniform

in percentage on all callable shares.

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4. The Bank shall determine the place for any payment under

this Article, provided that, until the inaugural meeting of the Board

of Governors, the payment of the first installment referred to in

paragraph 1 of this Article shall be made to the Government of the

People’s Republic of China, as Trustee for the Bank.

5. A member considered as a less developed country for purposes

of this paragraph may pay its subscription under paragraphs 1 and 2

of this Article, as an alternative, either:

(a) entirely in dollars or other convertible currency in up to

ten (10) installments, with each such installment equal to

ten (10) percent of the total amount, the first and second

installments due as provided in paragraph 1, and the third

through tenth installments due on the second and subsequent

anniversary dates of the entry into force of this Agreement;

or

(b) with a portion in dollars or other convertible currency and

a portion of up to fifty (50) per cent of each installment in

the currency of the member, following the schedule of

installments provided in paragraph 1 of this Article. The

following provisions shall apply to payments under this

sub-paragraph (b):—

(i) The member shall advise the Bank at the time of

subscription under paragraph 1 of this Article of

the proportion of payments to be made in its own

currency;

(ii) Each payment of a member in its own currency

under this paragraph 5 shall be in such amount as

the Bank determines to be equivalent to the full

value in terms of dollars of the portion of the

subscription being paid. The initial payment shall

be in such amount as the member considers

appropriate hereunder but shall be subject to such

adjustment, to be effected within ninety (90) days

of the date on which such payment was due, as the

Bank shall determine to be necessary to constitute

the full dollar equivalent of such payment;

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(iii) Whenever in the opinion of the Bank, the foreign

exchange value of a member’s currency has

depreciated to a significant extent, that member shall

pay to the Bank within a reasonable time an

additional amount of its currency required to maintain

the value of all such currency held by the Bank on

account of its subscription;

(iv) Whenever in the opinion of the Bank, the foreign

exchange value of a member’s currency has

appreciated to a significant extent, the Bank shall

pay to that member within a reasonable time an

amount of that currency required to adjust the value

of all such currency held by the Bank on account of

its subscription;

(v) The Bank may waive its rights to payment under

sub-paragraph (iii) and the member may waive its

rights to payment under sub-paragraph (iv).

6. The Bank shall accept from any member paying its subscription

under sub-paragraph 5 (b) of this Article promissory notes or other

obligations issued by the Government of the member, or by the

depository designated by such member, in lieu of the amount to be

paid in the currency of the member, provided such amount is not

required by the Bank for the conduct of its operations. Such notes or

obligations shall be non-negotiable, non-interest-bearing, and payable

to the Bank at par value upon demand.

Article 7–Terms of Shares

1. Shares of stock initially subscribed by members shall be issued

at par. Other shares shall be issued at par unless the Board of

Governors by a Special Majority vote as provided in Article 28

decides in special circumstances to issue them on other terms.

2. Shares of stock shall not be pledged or encumbered in any

manner whatsoever, and they shall be transferable only to the Bank.

3. The liability of the members on shares shall be limited to the

unpaid portion of their issue price.

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4. No member shall be liable, by reason of its membership, for

obligations of the Bank.

Article 8–Ordinary Resources

As used in this Agreement, the term “ordinary resources” of the

Bank shall include the following:—

(i) authorized capital stock of the Bank, including both paid-

in and callable shares, subscribed pursuant to Article 5;

(ii) funds raised by the Bank by virtue of powers conferred by

paragraph 1 of Article 16, to which the commitment to

calls provided for in paragraph 3 of Article 6 is applicable;

(iii) funds received in repayment of loans or guarantees made

with the resources indicated in sub-paragraphs (i) and (ii)

of this Article or as returns on equity investments and

other types of financing approved under sub-paragraph 2

(vi) of Article 11 made with such resources;

(iv) income derived from loans made from the aforementioned

funds or from guarantees to which the commitment to

calls set forth in paragraph 3 of Article 6 is applicable; and

(v) any other funds or income received by the Bank which do

not form part of its Special Funds resources referred to in

Article 17 of this Agreement.

CHAPTER III

OPERATIONS OF THE BANK

Article 9–Use of Resources

The resources and facilities of the Bank shall be used exclusively

to implement the purpose and functions set forth, respectively, in

Articles 1 and 2, and in accordance with sound banking principles.

Article 10–Ordinary and Special Operations

1. The operations of the Bank shall consist of:—

(i) ordinary operations financed from the ordinary resources

of the Bank, referred to in Article 8; and

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(ii) special operations financed from the Special Funds

resources referred to in Article 17.

The two types of operations may separately finance elements of

the same project or program.

2. The ordinary resources and the Special Funds resources of the

Bank shall at all times and in all respects be held, used, committed,

invested or otherwise disposed of entirely separately from each other.

The financial statements of the Bank shall show the ordinary

operations and special operations separately.

3. The ordinary resources of the Bank shall, under no

circumstances, be charged with, or used to discharge, losses or

liabilities arising out of special operations or other activities for

which Special Funds resources were originally used or committed.

4. Expenses appertaining directly to ordinary operations shall be

charged to the ordinary resources of the Bank. Expenses appertaining

directly to special operations shall be charged to the Special Funds

resources. Any other expenses shall be charged as the Bank shall

determine.

Article 11–Recipients and Methods of Operation

1. (a) The Bank may provide or facilitate financing to any member,

or any agency, instrumentality or political subdivision thereof, or

any entity or enterprise operating in the territory of a member, as

well as to international or regional agencies or entities concerned

with economic development of the region.

(b) The Bank may, in special circumstances, provide assistance

to a recipient not listed in sub-paragraph (a) above only if the Board

of Governors, by a Super Majority vote as provided in Article 28 (i)

shall have determined that such assistance is designed to serve the

purpose and come within the functions of the Bank and is in the

interest of the Bank’s membership; and (ii) shall have specified the

types of assistance under paragraph 2 of this Article that may be

provided to such recipient.

2. The Bank may carry out its operations in any of the following

ways:—

(i) by making, co-financing or participating in direct loans;

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(ii) by investment of funds in the equity capital of an institution

or enterprise;

(iii) by guaranteeing, whether as primary or secondary obligor,

in whole or in part, loans for economic development;

(iv) by deploying Special Funds resources in accordance with

the agreements determining their use;

(v) by providing technical assistance in accordance with Article

15; or

(vi) through other types of financing as may be determined by

the Board of Governors, by a Special Majority vote as

provided in Article 28.

Article 12–Limitations on Ordinary Operations

1. The total amount outstanding of loans, equity investments,

guarantees and other types of financing provided by the Bank in its

ordinary operations under sub-paragraphs 2 (i), (ii), (iii) and (vi) of

Article 11 shall not at any time be increased, if by such increase the

total amount of its unimpaired subscribed capital, reserves and retained

earnings included in its ordinary resources would be exceeded.

Notwithstanding the provisions of the preceding sentence, the Board

of Governors may, by a Super Majority vote as provided in Article

28, determine at any time that, based on the Bank’s financial position

and financial standing, the limitation under this paragraph may be

increased, up to 250% of the Bank’s unimpaired subscribed capital,

reserves and retained earnings included in its ordinary resources.

2. The amount of the Bank’s disbursed equity investments shall

not at any time exceed an amount corresponding to its total unimpaired

paid-in subscribed capital and general reserves.

Article 13–Operating Principles

The operations of the Bank shall be conducted in accordance

with the principles set out below.

1. The Bank shall be guided by sound banking principles in its

operations.

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2. The operations of the Bank shall provide principally for the

financing of specific projects or specific investment programs, for

equity investment, and for technical assistance in accordance with

Article 15.

3. The Bank shall not finance any undertaking in the territory of

a member if that member objects to such financing.

4. The Bank shall ensure that each of its operations complies with

the Bank’s operational and financial policies, including without

limitation, policies addressing environmental and social impacts.

5. In considering an application for financing, the Bank shall pay

due regard to the ability of the recipient to obtain financing or facilities

elsewhere on terms and conditions that the Bank considers reasonable

for the recipient, taking into account all pertinent factors.

6. In providing or guaranteeing financing, the Bank shall pay due

regard to the prospects that the recipient and guarantor, if any, will

be in a position to meet their obligations under the financing contract.

7. In providing or guaranteeing financing, the financial terms,

such as rate of interest and other charges and the schedule for

repayment of principal shall be such as are, in the opinion of the

Bank, appropriate for the financing concerned and the risk to the

Bank.

8. The Bank shall place no restriction upon the procurement of

goods and services from any country from the proceeds of any

financing undertaken in the ordinary or special operations of the

Bank.

9. The Bank shall take the necessary measures to ensure that the

proceeds of any financing provided, guaranteed or participated in by

the Bank are used only for the purposes for which the financing was

granted and with due attention to considerations of economy and

efficiency.

10. The Bank shall pay due regard to the desirability of avoiding

a disproportionate amount of its resources being used for the benefit

of any member.

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11. The Bank shall seek to maintain reasonable diversification in

its investments in equity capital. In its equity investments, the Bank

shall not assume responsibility for managing any entity or enterprise

in which it has an investment and shall not seek a controlling interest

in the entity or enterprise concerned, except where necessary to

safeguard the investment of the Bank.

Article 14–Terms and Conditions for Financing

1. In the case of loans made or participated in or loans guaranteed

by the Bank, the contract shall establish, in conformity with the

operating principles set forth in Article 13 and subject to the other

provisions of this Agreement, the terms and conditions for the loan

or the guarantee concerned. In setting such terms and conditions, the

Bank shall take fully into account the need to safeguard its income

and financial position.

2. Where the recipient of loans or guarantees of loans is not itself

a member, the Bank may, when it deems it advisable, require that the

member in whose territory the project concerned is to be carried out,

or a public agency or any instrumentality of that member acceptable

to the Bank, guarantee the repayment of the principal and the payment

of interest and other charges on the loan in accordance with the terms

thereof.

3. The amount of any equity investment shall not exceed such

percentage of the equity capital of the entity or enterprise concerned

as permitted under policies approved by the Board of Directors.

4. The Bank may provide financing in its operations in the

currency of the country concerned, in accordance with policies that

minimize currency risk.

Article 15–Technical Assistance

1. The Bank may provide technical advice and assistance and

other similar forms of assistance which serve its purpose and come

within its functions.

2. Where expenditures incurred in furnishing such services are

not reimbursable, the Bank shall charge such expenditures to the

income of the Bank.

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CHAPTER IV

FINANCES OF THE BANK

Article 16–General Powers

In addition to the powers specified elsewhere in this Agreement, the

Bank shall have the powers set out below:—

1. The Bank may raise funds, through borrowing or other means,

in member countries or elsewhere, in accordance with the relevant

legal provisions.

2. The Bank may buy and sell securities the Bank has issued or

guaranteed or in which it has invested.

3. The Bank may guarantee securities in which it has invested in

order to facilitate their sale.

4. The Bank may underwrite, or participate in the underwriting

of, securities issued by any entity or enterprise for purposes consistent

with the purpose of the Bank.

5. The Bank may invest or deposit funds not needed in its

operations.

6. The Bank shall ensure that every security issued or guaranteed

by the Bank shall bear on its face a conspicuous statement to the

effect that it is not an obligation of any Government, unless it is in

fact the obligation of a particular Government, in which case it shall

so state.

7. The Bank may establish and administer funds held in trust for

other parties, provided such trust funds are designed to serve the

purpose and come within the functions of the Bank, under a trust

fund framework which shall have been approved by the Board of

Governors.

8. The Bank may establish subsidiary entities which are designed

to serve the purpose and come within the functions of the Bank, only

with the approval of the Board of Governors by a Special Majority

vote as provided in Article 28.

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9. The Bank may exercise such other powers and establish such

rules and regulations as may be necessary or appropriate in furtherance

of its purpose and functions, consistent with the provisions of this

Agreement.

Article 17–Special Funds

1. The Bank may accept Special Funds which are designed to

serve the purpose and come within the functions of the Bank; such

Special Funds shall be resources of the Bank. The full cost of

administering any Special Fund shall be charged to that Special

Fund.

2. Special Funds accepted by the Bank may be used on terms and

conditions consistent with the purpose and functions of the Bank

and with the agreement relating to such Funds.

3. The Bank shall adopt such special rules and regulations as may

be required for the establishment, administration and use of each

Special Fund. Such rules and regulations shall be consistent with the

provisions of this Agreement, except for those provisions expressly

applicable only to ordinary operations of the Bank.

4. The term “Special Funds resources” shall refer to the resources

of any Special Fund and shall include:—

(i) funds accepted by the Bank for inclusion in any Special

Fund;

(ii) funds received in respect of loans or guarantees, and the

proceeds of any equity investments, financed from the

resources of any Special Fund which, under the rules and

regulations of the Bank governing that Special Fund, are

received by such Special Fund;

(iii) income derived from investment of Special Funds

resources; and

(iv) any other resources placed at the disposal of any Special

Fund.

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Article 18–Allocation and Distribution of Net Income

1. The Board of Governors shall determine at least annually what

part of the net income of the Bank shall be allocated, after making

provision for reserves, to retained earnings or other purposes and

what part, if any, shall be distributed to the members. Any such

decision on the allocation of the Bank’s net income to other purposes

shall be taken by a Super Majority vote as provided in Article 28.

2. The distribution referred to in the preceding paragraph shall be

made in proportion to the number of shares held by each member,

and payments shall be made in such manner and in such currency as

the Board of Governors shall determine.

Article 19–Currencies

1. Members shall not impose any restrictions on currencies,

including the receipt, holding, use or transfer by the Bank or by any

recipient from the Bank, for payments in any country.

2. Whenever it shall become necessary under this Agreement to

value any currency in terms of another or determine whether any

currency is convertible, such valuation or determination shall be

made by the Bank.

Article 20–Methods of Meeting Liabilities of the Bank

1. In the Bank’s ordinary operations, in cases of arrears or default

on loans made, participated in, or guaranteed by the Bank, and in

cases of losses on equity investment or other types of financing

under sub-paragraph 2 (vi) of Article 11, the Bank shall take such

action as it deems appropriate. The Bank shall maintain appropriate

provisions against possible losses.

2. Losses arising in the Bank’s ordinary operations shall be

charged:—

(i) first, to the provisions referred to in paragraph 1 above;

(ii) second, to net income;

(iii) third, against reserves and retained earnings;

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(iv) fourth, against unimpaired paid-in capital; and

(v) last, against an appropriate amount of the uncalled

subscribed callable capital which shall be called in

accordance with the provisions of paragraph 3 of Article6.

CHAPTER V

GOVERNANCE

Article 21–Structure

The Bank shall have a Board of Governors, a Board of Directors, a

President, one or more Vice-Presidents, and such other officers and

staff as may be considered necessary.

Article 22–Board of Governors: Composition

1. Each member shall be represented on the Board of Governors

and shall appoint one Governor and one Alternate Governor. Each

Governor and Alternate Governor shall serve at the pleasure of the

appointing member. No Alternate Governor may vote except in the

absence of his principal.

2. At each of its annual meetings, the Board shall elect one of the

Governors as Chairman who shall hold office until the election of

the next Chairman.

3. Governors and Alternate Governors shall serve as such without

remuneration from the Bank, but the Bank may pay them reasonable

expenses incurred in attending meetings.

Article 23–Board of Governors: Powers

1. All the powers of the Bank shall be vested in the Board of

Governors.

2. The Board of Governors may delegate to the Board of Directors

any or all its powers, except the power to:

(i) admit new members and determine the conditions of their

admission;

(ii) increase or decrease the authorized capital stock of the

Bank;

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(iii) suspend a member;

(iv) decide appeals from interpretations or applications of this

Agreement given by the Board of Directors;

(v) elect the Directors of the Bank and determine the expenses

to be paid for Directors and Alternate Directors and

remuneration, if any, pursuant to paragraph 6 of Article25;

(vi) elect the President, suspend or remove him from office,

and determine his remuneration and other conditions of

service;

(vii) approve, after reviewing the auditors’ report, the general

balance sheet and the statement of profit and loss of the

Bank;

(viii) determine the reserves and the allocation and distribution

of the net profits of the Bank;

(ix) amend this Agreement;

(x) decide to terminate the operations of the Bank and to

distribute its assets; and

(xi) exercise such other powers as are expressly assigned to

the Board of Governors in this Agreement.

3. The Board of Governors shall retain full power to exercise

authority over any matter delegated to the Board of Directors under

paragraph 2 of this Article.

Article 24–Board of Governors: Procedure

1. The Board of Governors shall hold an annual meeting and

such other meetings as may be provided for by the Board of

Governors or called by the Board of Directors. Meetings of the

Board of Governors shall be called by the Board of Directors

whenever requested by five (5) members of the Bank.

2. A majority of the Governors shall constitute a quorum for any

meeting of the Board of Governors, provided such majority represents

not less than two-thirds of the total voting power of the members.

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3. The Board of Governors shall by regulation establish

procedures whereby the Board of Directors may obtain a vote of the

Governors on a specific question without a meeting and provide for

electronic meetings of the Board of Governors in special

circumstances.

4. The Board of Governors, and the Board of Directors to the

extent authorized, may establish such subsidiary entities, and adopt

such rules and regulations, as may be necessary or appropriate to

conduct the business of the Bank.

Article 25–Board of Directors: Composition

1. The Board of Directors shall be composed of twelve (12)

members who shall not be members of the Board of Governors, and

of whom:—

(i) nine (9) shall be elected by the Governors representing

regional members; and

(ii) three (3) shall be elected by the Governors representing

non-regional members.

Directors shall be persons of high competence in economic and

financial matters and shall be elected in accordance with Schedule B.

Directors shall represent members whose Governors have elected

them as well as members whose Governors assign their votes to

them.

2. The Board of Governors shall, from time to time, review the

size and composition of the Board of Directors, and may increase or

decrease the size or revise the composition as appropriate, by a

Super Majority vote as provided in Article 28.

3. Each Director shall appoint an Alternate Director with full

power to act for him when he is not present. The Board of Governors

shall adopt rules enabling a Director elected by more than a specified

number of members to appoint an additional Alternate Director.

4. Directors and Alternate Directors shall be nationals of member

countries. No two or more Directors may be of the same nationality

nor may any two or more Alternate Directors be of the same

nationality. Alternate Directors may participate in meetings of the

Board but may vote only when the Alternate Director is acting in

place of the Director.

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5. Directors shall hold office for a term of two (2) years and may

be re-elected:—

(a) Directors shall continue in office until their successors

shall have been chosen and assumed office;

(b) If the office of a Director becomes vacant more than one

hundred and eighty (180) days before the end of his term,

a successor shall be chosen in accordance with Schedule

B, for the remainder of the term, by the Governors who

elected the former Director. A majority of the votes cast

by such Governors shall be required for such election.

The Governors who elected a Director may similarly choose

a successor if the office of a Director becomes vacant one

hundred and eighty (180) days or less before the end of

his term;

(c) While the office of a Director remains vacant, an Alternate

Director of the former Director shall exercise the powers

of the latter, except that of appointing an Alternate Director.

6. Directors and Alternate Directors shall serve without

remuneration from the Bank, unless the Board of Governors shall

decide otherwise, but the Bank may pay them reasonable expenses

incurred in attending meetings.

Article 26–Board of Directors: Powers

The Board of Directors shall be responsible for the direction of the

general operations of the Bank and, for this purpose, shall, in addition

to the powers assigned to it expressly by this Agreement, exercise

all the powers delegated to it by the Board of Governors, and in

particular:

(i) prepare the work of the Board of Governors;

(ii) establish the policies of the Bank, and, by a majority

representing not less than three-fourths of the total voting

power of the members, take decisions on major operational

and financial policies and on delegation of authority to the

President under Bank policies;

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(iii) take decisions concerning operations of the Bank under

paragraph 2 of Article 11, and, by a majority representing

not less than three-fourths of the total voting power of the

members, decide on the delegation of such authority to the

President;

(iv) supervise the management and the operation of the Bank

on a regular basis, and establish an oversight mechanism

for that purpose, in line with principles of transparency,

openness, independence and accountability;

(v) approve the strategy, annual plan and budget of the Bank;

(vi) appoint such committees as deemed advisable; and

(vii) submit the audited accounts for each financial year for

approval of the Board of Governors.

Article 27–Board of Directors: Procedure

1. The Board of Directors shall meet as often as the business of

the Bank may require, periodically throughout the year. The Board

of Directors shall function on a non-resident basis except as otherwise

decided by the Board of Governors by a Super Majority vote as

provided in Article 28. Meetings may be called by the Chairman or

whenever requested by three (3) Directors.

2. A majority of the Directors shall constitute a quorum for any

meeting of the Board of Directors, provided such majority represents

not less than two-thirds of the total voting power of the members.

3. The Board of Governors shall adopt regulations under which,

if there is no Director of its nationality, a member may send a

representative to attend, without right to vote, any meeting of the

Board of Directors when a matter particularly affecting that member

is under consideration.

4. The Board of Directors shall establish procedures whereby the

Board can hold an electronic meeting or vote on a matter without

holding a meeting.

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Article 28–Voting

1. The total voting power of each member shall consist of the

sum of its basic votes, share votes and, in the case of a Founding

Member, its Founding Member votes:—

(i) The basic votes of each member shall be the number of

votes that results from the equal distribution among all the

members of twelve (12) per cent of the aggregate sum of

the basic votes, share votes and Founding Member votes

of all the members.

(ii) The number of the share votes of each member shall be

equal to the number of shares of the capital stock of the

Bank held by that member.

(iii) Each Founding Member shall be allocated six hundred

(600) Founding Member votes.

In the event a member fails to pay any part of the amount due in

respect of its obligations in relation to paid-in shares under Article 6,

the number of share votes to be exercised by the member shall, as

long as such failure continues, be reduced proportionately, by the

percentage which the amount due and unpaid represents of the total

par value of paid-in shares subscribed to by that member.

2. In voting in the Board of Governors, each Governor shall be

entitled to cast the votes of the member he represents.

(i) Except as otherwise expressly provided in this Agreement,

all matters before the Board of Governors shall be decided

by a majority of the votes cast.

(ii) A Super Majority vote of the Board of Governors shall

require an affirmative vote of two-thirds of the total number

of Governors, representing not less than three-fourths of

the total voting power of the members.

(iii) A Special Majority vote of the Board of Governors shall

require an affirmative vote of a majority of the total number

of Governors, representing not less than a majority of the

total voting power of the members.

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3. In voting in the Board of Directors, each Director shall be

entitled to cast the number of votes to which the Governors who

elected him are entitled and those to which any Governors who have

assigned their votes to him, pursuant to Schedule B, are entitled.

(i) A Director entitled to cast the votes of more than one

member may cast the votes for those members separately;

(ii) Except as otherwise expressly provided in this Agreement,

all matters before the Board of Directors shall be decided

by a majority of the votes cast.

Article 29–The President

1. The Board of Governors, through an open, transparent and

merit-based process, shall elect a president of the Bank by a Super

Majority vote as provided in Article 28. He shall be a national of a

regional member country. The President, while holding office, shall

not be a Governor or a Director or an Alternate for either.

2. The term of office of the President shall be five (5) years. He

may be re-elected once. The President may be suspended or removed

from office when the Board of Governors so decides by a Super

Majority vote as provided in Article 28.

(a) If the office of the President for any reason becomes vacant

during his term, the Board of Governors shall appoint an

Acting President for a temporary period or elect a new

President, in accordance with paragraph 1 of this Article.

3. The President shall be Chairman of the Board of Directors but

shall have no vote, except a deciding vote in case of an equal division.

He may participate in meetings of the Board of Governors but shall

not vote.

4. The President shall be the legal representative of the Bank. He

shall be chief of the staff of the Bank and shall conduct, under the

direction of the Board of Directors, the current business of the Bank.

Article 30–Officers and Staff of the Bank

1. One or more Vice-Presidents shall be appointed by the Board

of Directors on the recommendation of the President, on the basis of

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an open, transparent and merit-based process. A Vice-President

shall hold office for such term, exercise such authority and perform

such functions in the administration of the Bank, as may be

determined by the Board of Directors. In the absence or incapacity

of the President, a Vice-President shall exercise the authority and

perform the functions of the President.

2. The President shall be responsible for the organization,

appointment and dismissal of the officers and staff in accordance

with regulations adopted by the Board of Directors, with the exception

of Vice-Presidents to the extent provided in paragraph 1 above.

3. In appointing officers and staff and recommending Vice-

Presidents, the President shall, subject to the paramount importance

of securing the highest standards of efficiency and technical

competence, pay due regard to the recruitment of personnel on as

wide a regional geographical basis as possible.

Article 31–The International Character of the Bank

1. The Bank shall not accept Special Funds, loans or assistance

that may in any way prejudice, limit, deflect or otherwise alter its

purpose or functions.

2. The Bank, its President, officers and staff shall not interfere in

the political affairs of any member, nor shall they be influenced in

their decisions by the political character of the member concerned.

Only economic considerations shall be relevant to their decisions.

Such considerations shall be weighed impartially in order to achieve

and carry out the purpose and functions of the Bank.

3. The President, officers and staff of the Bank, in the discharge

of their offices, owe their duty entirely to the Bank and to no other

authority. Each member of the Bank shall respect the international

character of this duty and shall refrain from all attempts to influence

any of them in the discharge of their duties.

CHAPTER VI

GENERAL PROVISIONS

Article 32–Offices of the Bank

1. The principal office of the Bank shall be located in Beijing,

People’s Republic of China.

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2. The Bank may establish agencies or offices elsewhere.

Article 33–Channel of Communication; Depositories

1. Each member shall designate an appropriate official entity with

which the Bank may communicate in connection with any matter

arising under this Agreement.

2. Each member shall designate its central bank, or such other

institution as may be agreed upon with the Bank, as a depository

with which the Bank may keep its holdings of currency of that

member as well as other assets of the Bank.

3. The Bank may hold its assets with such depositories as the

Board of Directors shall determine.

Article 34–Reports and Information

1. The working language of the Bank shall be English, and the

Bank shall rely on the English text of this Agreement for all decisions

and for interpretations under Article 54.

2. Members shall furnish the Bank with such information it may

reasonably request of them in order to facilitate the performance of

its functions.

3. The Bank shall transmit to its members an annual report

containing an audited statement of its accounts and shall publish

such report. It shall also transmit quarterly to its members a summary

statement of its financial position and a profit and loss statement

showing the results of its operations.

4. The Bank shall establish a policy on the disclosure of

information in order to promote transparency in its operations. The

Bank may publish such reports as it deems desirable in the carrying

out of its purpose and functions.

Article 35–Cooperation with Members and International

Organizations

1. The Bank shall work in close cooperation with all its members,

and, in such manner as it may deem appropriate within the terms of

this Agreement, with other international financial institutions, and

international organizations concerned with the economic development

of the region or the Bank’s operational areas.

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2. The Bank may enter into arrangements with such organizations

for purposes consistent with this Agreement, with the approval of

the Board of Directors.

Article 36–References

1. References in this Agreement to Article or Schedule refer to

Articles and Schedules of this Agreement, unless otherwise specified.

2. References in this Agreement to a specific gender shall be

equally applicable to any gender.

CHAPTER VII

WITHDRAWAL AND SUSPENSION OF MEMBERS

Article 37 Withdrawal of Membership

1. Any member may withdraw from the Bank at any time by

delivering a notice in writing to the Bank at its principal office.

2. Withdrawal by a member shall become effective, and its

membership shall cease, on the date specified in its notice but in no

event less than six (6) months after the date that notice has been

received by the Bank. However, at any time before the withdrawal

becomes finally effective, the member may notify the Bank in writing

of the cancellation of its notice of intention to withdraw.

3. A withdrawing member shall remain liable for all direct and

contingent obligations to the Bank to which it was subject at the date

of delivery of the withdrawal notice. If the withdrawal becomes

finally effective, the member shall not incur any liability for

obligations resulting from operations of the Bank effected after the

date on which the withdrawal notice was received by the Bank.

Article 38–Suspension of Membership

1. If a member fails to fulfill any of its obligations to the Bank,

the Board of Governors may suspend such member by a Super

Majority vote as provided in Article 28.

2. The member so suspended shall automatically cease to be a

member one (1) year from the date of its suspension, unless the

Board of Governors decides by a Super Majority vote as provided in

Article 28 to restore the member to good standing.

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3. While under suspension, a member shall not be entitled to

exercise any rights under this Agreement, except the right of

withdrawal, but shall remain subject to all its obligations.

Article 39–Settlement of Accounts

1. After the date on which a country ceases to be a member, it

shall remain liable for its direct obligations to the Bank and for its

contingent liabilities to the Bank so long as any part of the loans,

guarantees, equity investments or other forms of financing under

paragraph 2 (vi) of Article 11 (hereinafter, other financing) contracted

before it ceased to be a member is outstanding, but it shall not incur

liabilities with respect to loans, guarantees, equity investments or

other financing entered into thereafter by the Bank nor share either in

the income or the expenses of the Bank.

2. At the time a country ceases to be a member, the Bank shall

arrange for the repurchase of such country’s shares by the Bank as

a part of the settlement of accounts with such country in accordance

with the provisions of paragraphs 3 and 4 of this Article. For this

purpose, the repurchase price of the shares shall be the value shown

by the books of the Bank on the date the country ceases to be a

member.

3. The payment for shares repurchased by the Bank under this

Article shall be governed by the following conditions:—

(i) Any amount due to the country concerned for its shares

shall be withheld so long as that country, its central bank

or any of its agencies, instrumentalities or political

subdivisions remains liable, as borrower, guarantor or

other contracting party with respect to equity investment

or other financing, to the Bank and such amount may, at

the option of the Bank, be applied on any such liability as

it matures. No amount shall be withheld on account of the

contingent liability of the country for future calls on its

subscription for shares in accordance with paragraph 3 of

Article 6. In any event, no amount due to a member for its

shares shall be paid until six (6) months after the date on

which the country ceases to be a member;

(ii) Payments for shares may be made from time to time, upon

surrender of the corresponding stock certificates by the

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country concerned, to the extent by which the amount due

as the repurchase price in accordance with paragraph 2 of

this Article exceeds the aggregate amount of liabilities, on

loans, guarantees, equity investments and other financing

referred to in sub-paragraph (i) of this paragraph, until the

former member has received the full repurchase price;

(iii) Payments shall be made in such available currencies as the

Bank determines, taking into account its financial position;

(iv) If losses are sustained by the Bank on any loans,

guarantees, equity investments or other financing which

were outstanding on the date when a country ceased to be

a member and the amount of such losses exceeds the

amount of the reserve provided against losses on that date,

the country concerned shall repay, upon demand, the

amount by which the repurchase price of its shares would

have been reduced if the losses had been taken into account

when the repurchase price was determined. In addition,

the former member shall remain liable on any call for

unpaid subscriptions in accordance with paragraph 3 of

Article 6, to the same extent that it would have been required

to respond if the impairment of capital had occurred and

the call had been made at the time the repurchase price of

its shares was determined.

4. If the Bank terminates its operations pursuant to Article 41

within six (6) months of the date upon which any country ceases to

be a member, all rights of the country concerned shall be determined

in accordance with the provisions of Articles 41 to 43. Such country

shall be considered as still a member for purposes of such Articles

but shall have no voting rights.

CHAPTER VIII

SUSPENSION AND TERMINATION OF OPERATIONS OF THE BANK

Article 40–Temporary Suspension of Operations

In an emergency, the Board of Directors may temporarily suspend

operations in respect of new loans, guarantees, equity investment

and other forms of financing under sub-paragraph 2 (vi) of Article

11, pending an opportunity for further consideration and action by

the Board of Governors.

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Article 41–Termination of Operations

1. The Bank may terminate its operations by a resolution of the

Board of Governors approved by a Super Majority vote as provided

in Article 28.

2. After such termination, the Bank shall forthwith cease all

activities, except those incident to the orderly realization, conservation

and preservation of its assets and settlement of its obligations.

Article 42–Liability of Members and Payments of Claims

1. In the event of termination of the operation of the Bank, the

liability of all members for uncalled subscriptions to the capital stock

of the Bank and in respect of the depreciation of their currencies

shall continue until all claims of creditors, including all contingent

claims, shall have been discharged.

2. All creditors holding direct claims shall first be paid out of the

assets of the Bank and then out of payments to the Bank or unpaid or

callable subscriptions. Before making any payments to creditors

holding direct claims, the Board of Directors shall make such

arrangements as are necessary, in its judgment, to ensure a pro rata

distribution among holders of direct and contingent claims.

Article 43–Distribution of Assets

1. No distribution of assets shall be made to members on account of

their subscriptions to the capital stock of the Bank until:

(i) all liabilities to creditors have been discharged or provided

for; and

(ii) the Board of Governors has decided, by a Super Majority

vote as provided in Article 28, to make such distribution.

2. Any distribution of the assets of the Bank to the members shall

be in proportion to the capital stock held by each member and shall

be effected at such times and under such conditions as the Bank shall

deem fair and equitable. The shares of assets distributed need not be

uniform as to type of asset. No member shall be entitled to receive its

share in such a distribution of assets until it has settled all of its

obligations to the Bank.

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3. Any member receiving assets distributed pursuant to this Article

shall enjoy the same rights with respect to such assets as the Bank

enjoyed prior to their distribution.

CHAPTER IX

STATUS, IMMUNITIES, PRIVILEGES AND EXEMPTIONS

Article 44–Purposes of Chapter

1. To enable the Bank to fulfill its purpose and carry out the

functions entrusted to it, the status, immunities, privileges and

exemptions set forth in this Chapter shall be accorded to the Bank in

the territory of each member.

2. Each member shall promptly take such action as is necessary

to make effective in its own territory the provisions set forth in this

Chapter and shall inform the Bank of the action which it has taken.

Article 45–Status of the Bank

The Bank shall possess full juridical personality and, in particular,

the full legal capacity:—

(i) to contract;

(ii) to acquire, and dispose of, immovable and movable

property;

(iii) to institute and respond to legal proceedings; and

(iv) to take such other action as may be necessary or useful for

its purpose and activities.

Article 46–Immunity from Judicial Proceedings

1. The Bank shall enjoy immunity from every form of legal

process, except in cases arising out of or in connection with the

exercise of its powers to raise funds, through borrowings or other

means, to guarantee obligations, or to buy and sell or underwrite the

sale of securities, in which cases actions may be brought against the

Bank only in a court of competent jurisdiction in the territory of a

country in which the Bank has an office, or has appointed an agent

for the purpose of accepting service or notice of process, or has

issued or guaranteed securities.

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2. Notwithstanding the provisions of paragraph 1 of this Article,

no action shall be brought against the Bank by any member, or by

any agency or instrumentality of a member, or by any entity or

person directly or indirectly acting for or deriving claims from a

member or from any agency or instrumentality of a member. Members

shall have recourse to such special procedures for the settlement of

controversies between the Bank and its members as may be prescribed

in this Agreement, in the by-laws and regulations of the Bank, or in

the contracts entered into with the Bank.

3. Property and assets of the Bank shall, wheresoever located

and by whomsoever held, be immune from all forms of seizure,

attachment or execution before the delivery of final judgment against

the Bank.

Article 47–Immunity of Assets and Archives

1. Property and assets of the Bank, wheresoever located and by

whomsoever held, shall be immune from search, requisition,

confiscation, expropriation or any other form of taking or foreclosure

by executive or legislative action.

2. The archives of the Bank, and, in general, all documents

belonging to it, or held by it, shall be inviolable, wheresoever located

and by whomsoever held.

Article 48–Freedom of Assets from Restrictions

To the extent necessary to carry out the purpose and functions of

the Bank effectively, and subject to the provisions of this Agreement,

all property and assets of the Bank shall be free from restrictions,

regulations, controls and moratoria of any nature.

Article 49–Privilege for Communications

Official communications of the Bank shall be accorded by each

member the same treatment that it accords to the official

communications of any other member.

Article 50–Immunities and Privileges of Officers and Employees

All Governors, Directors, Alternates, the President, Vice-

Presidents and other officers and employees of the Bank, including

experts and consultants performing missions or services for the

Bank:

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(i) shall be immune from legal process with respect to acts

performed by them in their official capacity, except when

the Bank waives the immunity and shall enjoy inviolability

of all their official papers, documents and records;

(ii) where they are not local citizens or nationals, shall be

accorded the same immunities from immigration

restrictions, alien registration requirements and national

service obligations, and the same facilities as regards

exchange regulations, as are accorded by members to the

representatives, officials and employees of comparable

rank of other members; and

(iii) shall be granted the same treatment in respect of travelling

facilities as is accorded by members to representatives,

officials and employees of comparable rank of other

members.

Article 51–Exemption from Taxation

1. The Bank, its assets, property, income and its operations and

transactions pursuant to this Agreement, shall be exempt from all

taxation and from all customs duties. The Bank shall also be exempt

from any obligation for the payment, withholding or collection of

any tax or duty.

2. No tax of any kind shall be levied on or in respect of salaries,

emoluments and expenses, as the case may be, paid by the Bank to

Directors, Alternate Directors, the President, Vice-Presidents and

other officers or employees of the Bank, including experts and

consultants performing missions or services for the Bank, except

where a member deposits with its instrument of ratification,

acceptance, or approval a declaration that such member retains for

itself and its political subdivisions the right to tax salaries, and

emoluments , as the case may be, paid by the Bank to citizens or

nationals of such member.

3. No tax of any kind shall be levied on any obligation or security

issued by the Bank, including any dividend or interest thereon, by

whomsoever held:

(i) which discriminates against such obligation or security

solely because it is issued by the Bank; or

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(ii) if the sole jurisdictional basis for such taxation is the place

or currency in which it is issued, made payable or paid, or

the location of any office or place of business maintained

by the Bank.

4. No tax of any kind shall be levied on any obligation or security

guaranteed by the Bank, including any dividend or interest thereon,

by whomsoever held:

(i) which discriminates against such obligation or security

solely because it is guaranteed by the Bank; or

(ii) if the sole jurisdictional basis for such taxation is the

location of any office or place of business maintained by

the Bank.

Article 52–Waivers

The Bank at its discretion may waive any of the privileges,

immunities and exemptions conferred under this Chapter in any case

or instance, in such manner and upon such conditions as it may

determine to be appropriate in the best interests of the Bank.

CHAPTER X

AMENDMENT, INTERPRETATION AND ARBITRATION

Article 53–Amendments

1. This Agreement may be amended only by a resolution of the

Board of Governors approved by a Super Majority vote as provided

in Article 28.

2. Notwithstanding the provisions of paragraph 1 of this Article,

the unanimous agreement of the Board of Governors shall be required

for the approval of any amendment modifying:

(i) the right to withdraw from the Bank;

(ii) the limitations on liability provided in paragraphs 3 and 4

of Article 7; and

(iii) the rights pertaining to purchase of capital stock provided

in paragraph 4 of Article 5.

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3. Any proposal to amend this Agreement, whether emanating

from a member or the Board of Directors, shall be communicated to

the Chairman of the Board of Governors, who shall bring the

proposal before the Board of Governors. When an amendment has

been adopted, the Bank shall so certify in an official communication

addressed to all members. Amendments shall enter into force for all

members three (3) months after the date of the official communication

unless the Board of Governors specifies therein a different period.

Article 54–Interpretation

1. Any question of interpretation or application of the provisions

of this Agreement arising between any member and the Bank, or

between two or more members of the Bank, shall be submitted to the

Board of Directors for decision. If there is no Director of its nationality

on that Board, a member particularly affected by the question under

consideration shall be entitled to direct representation in the Board of

Directors during such consideration; the representative of such

member shall, however, have no vote. Such right of representation

shall be regulated by the Board of Governors.

2. In any case where the Board of Directors has given a decision

under paragraph 1 of this Article, any member may require that the

question be referred to the Board of Governors, whose decision

shall be final. Pending the decision of the Board of Governors, the

Bank may, so far as it deems necessary, act on the basis of the

decision of the Board of Directors.

Article 55–Arbitration

If a disagreement should arise between the Bank and a country

which has ceased to be a member, or between the Bank and any

member after adoption of a resolution to terminate the operations of

the Bank, such disagreement shall be submitted to arbitration by a

tribunal of three arbitrators. One of the arbitrators shall be appointed

by the Bank, another by the country concerned, and the third, unless

the parties otherwise agree, by the President of the International

Court of Justice or such other authority as may have been prescribed

by regulations adopted by the Board of Governors. A majority vote

of the arbitrators shall be sufficient to reach a decision which shall be

final and binding upon the parties. The third arbitrator shall be

empowered to settle all questions of procedure in any case where the

parties are in disagreement with respect thereto.

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Article 56–Approval Deemed Given

Whenever the approval of any member is required before any act

may be done by the Bank except under paragraph 2 of Article 53,

approval shall be deemed to have been given unless the member

presents an objection within such reasonable period as the Bank may

fix in notifying the member of the proposed act.

CHAPTER XI

FINAL PROVISIONS

Article 57–Signature and Deposit

1. This Agreement, deposited with the Government of the People’s

Republic of China (hereinafter called the “Depository”), shall remain

open until December 31, 2015 for signature by the Governments of

countries whose names are set forth in Schedule A.

2. The Depository shall send certified copies of this Agreement

to all the Signatories and other countries which become members of

the Bank.

Article 58–Ratification, Acceptance or Approval

1. This Agreement shall be subject to ratification, acceptance or

approval by the Signatories. Instruments of ratification, acceptance

or approval shall be deposited with the Depository not later than

December 31, 2016, or if necessary, until such later date as may be

decided by the Board of Governors by a Special Majority vote as

provided in Article 28. The Depository shall duly notify the other

Signatories of each deposit and the date thereof.

2. A Signatory whose instrument of ratification, acceptance or

approval is deposited before the date on which this Agreement enters

into force, shall become a member of the Bank, on that date. Any

other Signatory which complies with the provisions of the preceding

paragraph, shall become a member of the Bank on the date on which

its instrument of ratification, acceptance or approval is deposited.

Article 59–Entry into Force

This Agreement shall enter into force when instruments of ratification,

acceptance or approval have been deposited by at least ten (10)

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Signatories whose initial subscriptions, as set forth in Schedule A to

this Agreement, in the aggregate comprise not less than fifty (50) per

cent of total of such subscriptions.

Article 60–Inaugural Meeting and Commencement of Operations

1. As soon as this Agreement enters into force, each member

shall appoint a Governor, and the Depository shall call the inaugural

meeting of the Board of Governors.

2. At its inaugural meeting, the Board of Governors:

(i) shall elect the President;

(ii) shall elect the Directors of the Bank in accordance with

paragraph 1 of Article 25, provided that the Board of

Governors may decide to elect fewer Directors for an

initial period shorter than two years in consideration of the

number of members and Signatories which have not yet

become members;

(iii) shall make arrangements for the determination of the date

on which the Bank shall commence its operations; and

(iv) shall make such other arrangements as necessary to prepare

for the commencement of the Bank’s operations.

3. The Bank shall notify its members of the date of the

commencement of its operations.

DONE at Beijing, People’s Republic of China on June 29, 2015,

in a single original deposited in the archives of the Depository,

whose English, Chinese and French texts are equally authentic.

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SCHEDULE A

Initial Subscriptions to the Authorized Capital Stock for Countries

Which May Become Members in accordance with Article 58

PART A

REGIONAL MEMBERS

Number of Shares Capital Subscription

(in million $)

Australia 36,912 3,691.2

Azerbaijan 2,541 254.1

Bangladesh 6,605 660.5

Brunei Darussalam 524 52.4

Cambodia 623 62.3

China 297,804 29,780.4

Georgia 539 53.9

India 83,673 8,367.3

Indonesia 33,607 3,360.7

Iran 15,808 1,580.8

Israel 7,499 749.9

Jordan 1,192 119.2

Kazakhstan 7,293 729.3

Korea 37,388 3,738.8

Kuwait 5,360 536.0

Kyrgyz Republic 268 26.8

Lao People’s Democratic Republic 430 43.0

Malaysia 1,095 109.5

Maldives 72 7.2

Mongolia 411 41.1

Myanmar 2,645 264.5

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Number of Shares Capital Subscription

(in million $)

Nepal 809 80.9

New Zealand 4,615 461.5

Oman 2,592 259.2

Pakistan 10,341 1,034.1

Philippines 9,791 979.1

Qatar 6,044 604.4

Russia 65,362 6,536.2

Saudi Arabia 25,446 2,544.6

Singapore 2,500 250.0

Sri Lanka 2,690 269.0

Tajikistan 309 30.9

Thailand 14,275 1,427.5

Turkey 26,099 2,609.9

United Arab Emirates 11,857 1,185.7

Uzbekistan 2,198 219.8

Vietnam 6,633 663.3

Unallocated 16,150 1,615.0

TOTAL 750,000 75,000.0

PART B.

NON REGIONAL MEMBERS

Number of Shares Capital Subscription

(in million $)

Austria 5,008 500.8

Brazil 31,810 3,181.0

Denmark 3,695 369.5

Egypt 6,505 650.5

Finland 3,103 310.3

France 33,756 3,375.6

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Germany 44,842 4,484.2

Iceland 176 17.6

Italy 25,718 2,571.8

Luxembourg 697 69.7

Malta 136 13.6

Netherlands 10,313 1,031.3

Norway 5,506 550.6

Poland 8,318 831.8

Portugal 650 65.0

South Africa 5,905 590.5

Spain 17,615 1,761.5

Sweden 6,300 630.0

Switzerland 7,064 706.4

United Kingdom 30,547 3,054.7

Unallocated 2,336 233.6

TOTAL 250,000 25,000.0

GRAND TOTAL 1,000,000 100,000.0

SCHEDULE B

ELECTION OF DIRECTORS

The Board of Governors shall prescribe rules for the conduct of

each election of Directors, in accordance with the following

provisions.

1. Constituencies. Each Director shall represent one or more

members in a constituency. The total aggregate voting power of each

constituency shall consist of the votes which the Director is entitled

to cast under paragraph 3 of Article 28.

2. Constituency Voting Power. For each election, the Board of

Governors shall establish a Minimum Percentage for constituency

voting power for Directors to be elected by Governors representing

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regional members (Regional Directors) and a Minimum Percentage

for constituency voting power for Directors to be elected by

Governors representing non-regional members (Non-Regional

Directors):

(a) The Minimum Percentage for Regional Directors shall be

set as a percentage of the total votes eligible to be cast in

the election by the Governors representing regional

members (Regional Governors). The initial Minimum

Percentage for Regional Directors shall be 6%.

(b) The Minimum Percentage for Non-Regional Directors

shall be set as a percentage of the total votes eligible to be

cast in the election by the Governors representing non-

regional members (Non-Regional Governors). The initial

Minimum Percentage for Non-Regional Directors shall

be 15%.

3. Adjustment Percentage. In order to adjust voting power across

constituencies when subsequent rounds of balloting are required

under paragraph 7 below, the Board of Governors shall establish,

for each election, an Adjustment Percentage for Regional Directors

and an Adjustment Percentage for Non-Regional Directors. Each

Adjustment Percentage shall be higher than the corresponding

Minimum Percentage:

(a) The Adjustment Percentage for Regional Directors shall

be set as a percentage of the total votes eligible to be cast in

the election by the Regional Governors. The initial

Adjustment Percentage for Regional Directors shall be

15%.

(b) The Adjustment Percentage for Non-Regional Directors

shall be set as a percentage of the total votes eligible to be

cast in the election by the Non-Regional Governors. The

initial Adjustment Percentage for Non-Regional Directors

shall be 60%.

4. Number of Candidates. For each election, the Board of

Governors shall establish the number of Regional Directors and

Non-Regional Directors to be elected, in light of its decisions on the

size and composition of the Board of Directors pursuant to paragraph

2 of Article 25:

(a) The initial number of Regional Directors shall be nine;

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(b) The initial number of Non-Regional Directors shall be

three.

5. Nominations. Each Governor may only nominate one person.

Candidates for the office of Regional Director shall be nominated by

Regional Governors. Candidates for the office of Non-Regional

Director shall be nominated by Non-Regional Governors.

6. Voting. Each Governor may vote for one candidate, casting all

of the votes to which the member appointing him is entitled under

paragraph 1 of Article 28. The election of Regional Directors shall

be by ballot of Regional Governors. The election of Non-Regional

Directors shall be by ballot of Non-Regional Governors.

7. First Ballot. On the first ballot, candidates receiving the highest

number of votes, up to the number of Directors to be elected, shall be

elected as Directors, provided that, to be elected, a candidate shall

have received a sufficient number of votes to reach the applicable

Minimum Percentage:

(a) If the required number of Directors is not elected on the

first ballot, and the number of candidates was the same as

the number of Directors to be elected, the Board of

Governors shall determine the subsequent actions to

complete the election of Regional Directors or the election

of Non-Regional Directors, as the case may be.

8. Subsequent Ballots. If the required number of Directors is not

elected on the first ballot, and there were more candidates than the

number of Directors to be elected on the ballot, there shall be

subsequent ballots, as necessary. For subsequent ballots:

(a) The candidate receiving the lowest number of votes in the

preceding ballot shall not be a candidate in the next ballot.

(b) Votes shall be cast only by:

(i) Governors who voted in the preceding ballot for a

candidate who was not elected; and

(ii) Governors whose votes for a candidate who was

elected are deemed to have raised the votes for that

candidate above the applicable Adjustment

Percentage under (c) below.

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(c) The votes of all the Governors who cast votes for each

candidate shall be added in descending order of number,

until the number of votes representing the applicable

Adjustment Percentage has been exceeded. Governors

whose votes were counted in that calculation shall be

deemed to have cast all their votes for that Director,

including the Governor whose votes brought the total over

theAdjustment Percentage. The remaining Governors

whose votes were not counted in that calculation shall be

deemed to have raised the candidate’s total votes above

the Adjustment Percentage, and the votes of those

Governors shall not count towards the election of that

candidate. These remaining Governors may vote in the

next ballot;

(d) If in any subsequent ballot, only one Director remains to

be elected, the Director may be elected by a simple majority

of the remaining votes. All such remaining votes shall be

deemed to have counted towards the election of the last

Director.

9. Assignment of Votes. Any Governor who does not participate

in voting for the election or whose votes do not contribute to the

election of a Director may assign the votes to which he is entitled to

an elected Director, provided that such Governor shall first have

obtained the agreement of all those Governors who have elected that

Director to such assignment.

10. Founding Member Privileges. The nomination and voting by

Governors for Directors and the appointment of Alternate Directors

by Directors shall respect the principle that each Founding Member

shall have the privilege to designate the Director or an Alternate

Director in its constituency permanently or on a rotating basis.

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