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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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பொதுப்பிடுகடன் திணைக்களம்

Public Debt Department

Ref: 08/24/031/0018/001

10 April 2013

To: Foreign Investors and Non-Resident Sri Lankans

Guidelines/ Procedures to Foreign Investors and Non- Resident Sri Lankans on the purchase and sale of Treasury bills and Treasury bonds issued by the Government of Sri Lanka.

- (A) The following Guidelines/ Procedures which were applicable for the sale and purchase of Treasury bills and Treasury bonds issued by the Government of Sri Lanka to foreign investors and Sri Lankan Diaspora and Migrant workforce are hereby rescinded with effect from 10 April 2013
- Guidelines/ Procedures issued to Participating Agents on 06 May 2008 and 23 May 2008.
 - Guidelines/ Procedures issued to Lead Managers in respect of TIERA –D scheme on 06 January 2009.
 - Guidelines/ Procedures issued to foreign investors on 06 May 2008 and 23 May 2008.
 - Guidelines/ Procedures issued to Sri Lankan Diaspora and Migrant workforce on 06 January 2009.
- (B) The guidelines and procedures which are indicated below will be applicable with effect from 10 April 2013 in respect of the purchase and sale of Treasury bills and Treasury bonds issued by the Government of Sri Lanka to foreign investors and non-resident Sri Lankans.

1. Eligible Investors

Only the following categories of investors are eligible to invest in Treasury bills and Treasury bonds issued by the Government of Sri Lanka:

- Foreign Institutional Investors including country funds, regional funds or mutual funds.
- Corporate bodies incorporated outside Sri Lanka.
- Citizens of foreign states whether resident in Sri Lanka or outside Sri Lanka.
- Non-resident Sri Lankans.

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කො. පෙ. 590, කොළඹ 01, ශ්‍රී ලංකාව
☎ 94 11 2477277/574 ☎ 94 11 2477718

10 ஆம் மாடம், இல. 30 ஜனாதிபதி மாவட்டம் கொழும்பு 1
க. பெ. இல. 590, கொழும்பு 01, இலங்கை
✉ publicdebt@cbsl.lk

Level 10, No. 30, Janadhipathi Mawatha, Colombo 1
P. O. Box 590, Colombo 01, Sri Lanka
🌐 www.cbsl.gov.lk

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2. Investment

Foreign investors and non-resident Sri Lankans referred to in clause 1 above (hereinafter referred to as "eligible investors") are permitted to purchase Treasury bills and Treasury bonds issued by the Government of Sri Lanka, through Primary Dealers and Licensed Commercial Banks (hereinafter referred to as "participating agents").

(The list of such participating agents is given at the end of this circular).

3. Registration

Participating agents shall be responsible for registering details of their eligible investors at the Central Depository System (CDS) maintained by the Public Debt Department (PDD) of the Central Bank of Sri Lanka (CBSL) in terms of the LankaSettle System Rules.

CDS will issue statements containing the following to eligible investors

- (a) A monthly statement confirming the transactions that have taken place during the month.
- (b) A semiannual statement confirming the outstanding balance held by each investor.
- (c) A monthly statement indicating the maturity proceeds/ interest payments whenever such payments fall due.

These statements will be addressed directly to the investor, as registered in the CDS.

4. Status

The maturity proceeds of Treasury bills and Treasury bonds, and coupon payments on Treasury bonds due thereon are direct, unconditional, general, unsecured obligations of the Government of Sri Lanka and rank and shall rank pari passu without any preference among themselves with all other outstanding unsecured and un-subordinated obligations of the Government of Sri Lanka present and future.

5. Tenure

Eligible investors are permitted to purchase or sell Treasury bills and Treasury bonds with any maturity period.

6. Payments for Treasury bills and Treasury bonds

Eligible investors shall open a special account named "**Securities Investment Account (SIA)**" in a LCB and make payment for purchase of Treasury bills and Treasury bonds by crediting the said account. (If the eligible investor is already maintaining a SIA with a LCB

it is not necessary to open a new account.) The eligible investor/ participating agent shall make necessary arrangements with the LCB to transfer respective Rupee amounts to the relevant party.

7. Issue and Delivery of Treasury Bills and Treasury Bonds

Treasury bills and Treasury bonds shall be issued in scripless form to eligible investors who have duly made payments as specified in Clause 6 and by registering in the CDS as specified in Clause 3 above.

8. Payment of Coupon and Maturity Proceeds

Maturity proceeds on Treasury bills and Treasury bonds, and coupon payments on Treasury bonds shall be payable in Rupees by the PDD of the CBSL on behalf of the Government of Sri Lanka through RTGS to the respective participating agents on the respective dates. Such participating agents are responsible to transfer the respective payments to the SIA of eligible investors with proceeds value on the same day.

If the maturity date or the coupon payment date falls on a day which is not a business day for the banks in Sri Lanka, the payment of maturity proceeds shall be made on the business day prior to the due date in respect of a Treasury bill and the maturity proceeds and/or coupon payment shall be made on the business day after the due date in respect of a Treasury bond.

9. Repatriation

All proceeds received by sale or maturing of Treasury bills and Treasury bonds and coupon payments on Treasury bonds shall be fully repatriable.

10. Joint Holdings

Treasury bills and Treasury bonds may be held jointly by eligible investors. Payment of maturity proceeds and coupons shall be credited to SIA/SIAs of joint holders, based on the agreement between LCB which maintains the SIA and joint holders.

11. Tax Treatment

Eligible investors who invest in Treasury bills and Treasury bonds pay no further tax on earnings on such Treasury bills and Treasury bonds apart from the 10% withholding tax imposed at the primary issue of such Treasury bills and Treasury bonds.

12. Stamp Duty

All documents used on the issue, sale or redemption of Treasury bills and Treasury bonds are free from stamp duty.

13. Jurisdiction

The courts in Sri Lanka shall have exclusive jurisdiction in respect of all matters relating to Treasury bills and Treasury bonds issued by the Government of Sri Lanka.

14. Governing Law

The terms and conditions referred to in this guidelines relating to Treasury bills and Treasury bonds shall be governed by and construed in accordance with the laws of Sri Lanka.

- (C) Further instructions in this regard will be issued by the Controller of Exchange or the Superintendent of Public Debt as the case may be from time to time.



N.W.G.R.D. Nanayakkara
Superintendent of Public Debt
Central Bank of Sri Lanka

List of Participating Agents

Licensed Commercial Banks

Primary Dealers