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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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Department

பொதுப்பிடுகடன் திணைக்களம்

Public Debt

Investor's Guide – Treasury bill

1. What is a Treasury Bill?

Treasury bill is a short term debt instrument issued by the Government of Sri Lanka under the Local Treasury Bill Ordinance No. 8 of 1923 (as amended) when it raises domestic public debt for budgetary purposes.

2. Can I Invest in Treasury Bills?

Yes, if you are one of the following;

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

3. Who Issues Treasury Bills?

As an Agent of the Government of Sri Lanka, the Public Debt Department of the Central Bank of Sri Lanka (CBSL) issues the Treasury bills and repays maturity proceeds on maturity.

4. Authority to Issue Treasury Bills

In terms of annual borrowing targets specified in the Appropriation Act which is approved by the Parliament annually, the Government of Sri Lanka is authorized to issue Treasury bills.

5. Obligations of the Central Bank of Sri Lanka

The obligation of the CBSL is to raise domestic debt, pay maturity proceeds on the due date. These functions are being attended by the CBSL through the Public Debt Department.

6. What are the Main Features of Treasury Bills?

- a) Risk free, gilt edged debt instrument
- b) Short term debt instrument
- c) Maturity proceeds (Face value) will be paid on maturity
- d) Yield rates are determined by the market
- e) Tradable instrument in the secondary market
- f) Issued in scripless form

7. What Benefits Can I Derive by Investing in Treasury Bills?

- a) It is an absolutely risk free investment, since it is issued by the sovereign government. Hence, they are called gilt-edged securities meaning that they are covered by gold
- b) You can get the highest rate of interest since the yield rates are determined in the market.
- c) Since these bills are tradable in the secondary market, you can obtain instant liquidity by selling them in the market.
- d) All receipts of maturity proceeds and capital gains are fully repatriable.
- e) You could also have a joint investment with some other person or persons. Hence, it is a very good way to share your investments with loved persons.
- f) You are not subject to further taxation, since a withholding tax of 10 percent is charged at source is the final tax.
- g) No stamp duty is payable on these bills.
- h) You can get the best service from the CBSL which maintains your investment in its state of the art, Scripless Security Settlement System and the fully automated Central Depository System (CDS).

8. What is the Availability of Treasury Bills?

The total investment permitted to eligible investors in Treasury bills should not exceed the threshold limit approved by the Monetary Board of the Central Bank of Sri Lanka.

9. Procedure to be followed to purchase/ sell Treasury Bills and collection of proceeds

Please refer 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 bearing reference No. 08/24/031/0018/001, dated 10th April 2013.

10. How do I Get Information on Treasury Bills?

- a) Details on available Treasury bills and prevailing market rates can be obtained from LCBs, PDs and CBSL Website (www.cbsl.gov.lk)
- b) Details on current auctions can be obtained from PDs and LCBs.
- c) Any detail on this scheme can be obtained from the Public Debt Department of the CBSL.

List of Participating Agents

Licensed Commercial Banks

Primary Dealers