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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

## Domestic Operations Department

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# Operating Instructions No. 35/01/005/0007/06

Domestic Operations Department

22 April 2013

**To: All Commercial Banks**

### RESERVE REQUIREMENTS

- (i) Your attention is invited to the notification made by the Monetary Board of the Central Bank of Sri Lanka under Sections 10 (c), 93, 94, 96 and 97 of the Monetary Law Act (Chapter 422 of Ceylon Legislative Enactments) as amended by Monetary Law (Amendment) Act No. 32 of 2002 and the **Regulation "D"** published in the Gazette Extraordinary of the Democratic Socialist Republic of Sri Lanka No. 1805/39 of 12 April, 2013.

(ii) In terms of the provisions of Section 93 of the Monetary Law Act, commercial banks operating in Sri Lanka shall maintain reserves against all deposit liabilities denominated in Sri Lanka rupees.
- (i) In terms of the provisions of Section 94 of the Monetary Law Act, the reserves required to be held by commercial banks against their deposit liabilities specified in Regulation 1 above shall be an amount equal to 8 per centum of the total of such deposit liabilities.

(ii) The reserves required to be held by a commercial bank against the deposit liabilities specified in Regulation 1 above shall take the form of Rupee deposits in the Central Bank.

3. For the purposes of reserve computation and maintenance by commercial banks, each calendar month shall be divided into two periods (viz. **Period A** and **Period B**):
  - i. **Period A** from the 1st to the 15th (both inclusive); *and*
  - ii. **Period B** from the 16th to the last day (both inclusive) of each month.
  
4. (i) The reserves required to be maintained by commercial banks for the reserve maintenance Period A of any month, shall be based on the average daily deposit liabilities of Period A of the preceding month while for the reserve maintenance Period B of any month, such reserves shall be based on the average daily deposit liabilities of Period B of the preceding month.  
  
(ii) When computing the average daily amount of deposit liabilities over a computation period, the debit balances of deposit liabilities shall be considered zero without netting off against credit balances.
  
5. Commercial banks may maintain an amount over and above *two per centum* of the average deposit liabilities specified in Regulation 4 above but **not** exceeding *four per centum* thereof as a part of its required reserves in the form of Sri Lanka currency notes and coins. Such amount of currency notes and coins shall be the average holding of Sri Lanka currency notes and coins calculated for the respective computation period.
  
6. Director, Domestic Operations Department of the Central Bank shall, by way of a circular, instruct commercial banks from time to time the minimum daily deposits required to be held by a commercial bank in the Central Bank.
  
7. Interest at the rate of one tenth of *one per centum* (0.1%) per day shall be paid by a commercial bank to the Central Bank on any deficiency in reserves. Such interest shall be paid not later than five (5) working days after the respective reserve maintenance period on which such required reserves were computed under Section 96 of the Act.

8. A notice issued under the hand of the Director, Domestic Operations Department or any officer authorized by him in that behalf, stating –

(a) That the reserves of such commercial banks are below the amount of the required reserves;

(b) The period in respect of which there was a deficiency of such reserve;

(c) The amount of such deficiency; *and*

(d) The amount of interest payable on the amount of the deficiency

shall be deemed to be sufficient notice to such bank of the interest due from such bank.

9. Every commercial bank shall furnish to the Director, Domestic Operations Department, Central Bank of Sri Lanka, a return substantially in the form prescribed in the Schedule A hereto in the following manner ;

**Period A** computations: Before end of day on the 22<sup>nd</sup> day of the same month.

**Period B** computations: Before end of day on the 7<sup>th</sup> day of the immediately following month.

Return shall be furnished on the immediately following working day if such submission deadline falls on a holiday.

10. These Regulations shall come in to force on 01 May 2013, upon which the Regulation “D” published in the Sri Lanka Government Gazette Extraordinary, No. 1280/7 of 20th March 2003, as amended from time to time shall cease to have any force or effect without prejudice to anything duly done thereunder.

In this regulation unless the context otherwise requires –

“Deposit Liabilities” shall mean all those liabilities of a commercial bank being –

demand deposits, special deposits, savings deposits, time deposits, placements made by any institution other than a commercial bank in the inter-bank call money market, margins against letter of credit and special deposit schemes if any, such as pension funds, children’s deposit schemes and other schemes of a similar nature, and assets held in trust or on behalf of its constituents consequent to deposits made by the denominated in Sri Lanka currency, but does not include inter-commercial bank deposits.

“Demand Deposits” shall mean all those deposit liabilities of a commercial bank which are denominated in Sri Lanka Rupees, subject to payment in legal tender upon demand by cheque, draft or order; but does not include any such liability if it is subject to payment upon conditions.

“Special Deposits” shall mean all those deposit liabilities of a commercial bank arising out of monies deposited in any special account under Section 10 of the Inland Revenue Act, No. 28 of 1979.

“Savings Deposits” shall mean all deposit liabilities denominated in Sri Lanka currency other than demand deposits, time deposits and special deposits as defined above.

“Time Deposits” shall mean all deposit liabilities denominated in Sri Lanka currency accepted for a period of maturity and not withdrawable on demand and repaid with interest.

**Sgd. R A A Jayalath**

**Director / Domestic Operations**

# SCHEDULE A

## FORM OF REPORT

### REPORT OF DAILY AVERAGE DEPOSIT LIABILITIES

(RUPEE DEPOSIT LIABILITIES)

Name of Bank : .....

For the period from (.....) to (.....)  
(date) (date)

To : Director,  
Domestic Operations Department,  
Central Bank of Sri Lanka,  
Colombo 01.

The average amounts of deposit liabilities reported below are based on the deposit balances shown by the books of the Bank at the close of business of each day of the period specified above.

(i) Demand Deposits	(ii) Time Deposits and Savings Deposits	(iii) All other deposit liabilities including special deposits, margins against letters of credit, etc. <sup>*1</sup>	(iv) Total

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<sup>\*1</sup> In the case of Certificate of Deposit the amount declared should be the paid up value.

## REQUIRED RESERVES

For the period commencing, ....., .....

1. ....% of Rs. .... **Rs.**.....

*(Average Daily total Rupee Deposit Liabilities)*

2. Average of Sri Lanka Currency Notes and Coins held over  
and above 2% of average deposit liabilities, but not  
exceeding 4% **Rs.** .....

3. Total reserves required to be maintained over the reserve  
maintenance period (1-2) **Rs.** .....

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We / I hereby certify that the above statement is correct and is in accordance with the books of this bank and that the figures shown above are in accordance with the regulations prescribed by the Monetary Board of the Central Bank of Sri Lanka for the purpose.

Date: ..... .....

Official Signature

Note –

(a) Deposits and placements made by any institution other than licensed commercial banks, shall be accounted for maintenance of required reserves at prescribed ratios.

(b) All amounts should be shown to the nearest rupee.