



**MONETARY BOARD**  
**CENTRAL BANK OF SRI LANKA**

**23 December 2020**

**BANKING ACT DIRECTIONS**

**No. 12 of 2020**

**INVESTMENTS IN SRI LANKA INTERNATIONAL SOVEREIGN BONDS BY  
LICENSED COMMERCIAL BANKS AND NATIONAL SAVINGS BANK**

Issued in terms of the powers conferred by Sections 46(1) and 76(J)(1) of the Banking Act No. 30 of 1988, as amended.

The Central Bank of Sri Lanka observes that a sizable amount of investment in Sri Lanka International Sovereign Bonds (ISBs) has been made by licensed banks thus far during the year. Furthermore, it has been observed that licensed banks continue to purchase Sri Lanka ISBs using inflows to the current account of the balance of payments, thereby adding undue pressure to the domestic foreign exchange market.

In consideration of these developments, licensed commercial banks and National Savings Bank are required to suspend the purchase of Sri Lanka ISBs with immediate effect for a period of three months.

Accordingly, the Banking Act Directions No. 11 of 2020 dated 11 December 2020 on the above subject are hereby withdrawn.

This Direction shall be implemented with immediate effect.

**Prof. W D Lakshman**  
*Chairman of the Monetary Board and  
Governor of the Central Bank of Sri Lanka*