

**Ref: 06/04/05/2008**

Exchange Control Department  
Central Bank of Sri Lanka  
61, Janadhipathi Mawatha  
Colombo 01

June 02, 2008

## **DIRECTIONS TO AUTHORIZED DEALERS**

Dear Sirs,

### **Foreign Investment Deposit Accounts (FIDA)**

The general permission is hereby granted in terms of provisions of the Exchange Control Act to Authorized Dealers to accept investments in deposits at their Domestic Banking Units (DBUs) from persons resident outside Sri Lanka under the following procedure:

- i) Investors eligible to open accounts:** Citizens of foreign states, Sri Lankan citizens resident outside Sri Lanka, corporate bodies incorporated outside Sri Lanka and foreign institutional investors such as country funds, mutual funds and regional funds. Accounts may be held jointly with two or more eligible investors.
- ii) Type of accounts:** Time deposits or savings deposits in designated foreign currencies or in Sri Lanka Rupees.
- iii) Permitted credits:**
  - (a)** Proceeds of inward remittances received from abroad through banking system for the purpose of investment in such deposits.
  - (b)** Foreign Currency in the form of travellers' cheques, bank drafts or currency notes brought into the country by the account holder on declaration to Sri Lanka Customs as applicable during his temporary visits to Sri Lanka and tendered in person to the Authorized Dealer, provided that the travellers' cheques have been issued outside Sri Lanka and the bank drafts endorsed in the name of the account holder.
  - (c)** Interest accruing on the funds held in the account.

- iv) **Permitted debits:** Outward remittances, transfers to other FIDAs, disbursements of the account holder in Sri Lanka and relevant statutory payments such as debit tax.
- v) **Minimum account balance:** US\$ 10,000 or equivalent in other designated foreign currencies or Sri Lanka Rupees.
- vi) **Ceiling for total balances in FIDAs:** Total liabilities on FIDAs of an authorized dealer should not exceed 20% of total deposit liabilities of its DBU.
- vii) **Risk management:** Authorised Dealers should assess the potential risks such as liquidity risk and exchange rate risk relating to FIDAs separately from risks relating to their other businesses and implement specific risk management systems. Information to assess the effectiveness of such risk management systems should be made available to the officials of the Bank Supervision Department for examination if and when required.
- viii) **Reporting:** Authorised Dealers are required to furnish to this Department information on a quarterly basis as per the attached format not later than 15<sup>th</sup> day of the following quarter.

Yours faithfully

**Controller of Exchange**