



**DEPARTMENT OF FOREIGN EXCHANGE
CENTRAL BANK OF SRI LANKA**

DIRECTIONS No. 12 OF 2017 UNDER FOREIGN EXCHANGE ACT, No.12 of 2017

Directions issued to Authorized Dealers and Primary Dealers Appointed as Designated Agents for Sri Lanka Development Bonds

In terms of Sections 4 and 9 (2) of the Foreign Exchange Act, No. 12 of 2017 (the Act) read with Section 7 of the Act, permission is granted to Authorized Dealers and Primary Dealers who have been appointed by the Superintendent of Public Debt of the Central Bank of Sri Lanka (SPD) as Designated Agents for the purpose of purchasing and marketing Sri Lanka Development Bonds (SLDBs) issued by the Government of Sri Lanka (GOSL) as follows.

2.1 To maintain the following two special foreign currency accounts in United States Dollars (USD) with an Authorized Dealer for the purpose of acquiring, holding and transferring SLDBs.

(a) A USD interest bearing account titled 'Sri Lanka Development Bonds Investment Account' (SLDBIA) maintained on behalf of GOSL to credit funds payable to GOSL, which are received from the categories of investors specified in Paragraph 3 below, who directly purchase SLDBs from GOSL.

(b) A USD account titled 'Dollar Account for Bond Investment' (DABI) which may be maintained on an interest bearing basis for the purpose of purchasing SLDBs from GOSL and dealing in SLDBs with the categories of investors specified in Paragraph 3 below. In the case of Authorized Dealers, the maintenance of this account is not mandatory.

2.2 Designated Agents who are Primary Dealers to purchase USD from an Authorized Dealer subject to the condition that such purchases are limited to the extent necessary to purchase SLDBs from GOSL or from a holder of SLDBs, where any sums procured are not necessary for the purchase of SLDBs, the Primary Dealer shall forthwith sell the foreign exchange to an Authorized Dealer.

3. Categories of eligible investors of SLDBs:

(a) Primary Dealers appointed by the Central Bank of Sri Lanka under the Registered Stocks and Securities Ordinance, No. 7 of 1937 and the Local Treasury Bills Ordinance, No. 8 of 1923.

(b) Citizens of foreign States whether resident in Sri Lanka or outside Sri Lanka.



**DEPARTMENT OF FOREIGN EXCHANGE
CENTRAL BANK OF SRI LANKA**

DIRECTIONS No. 12 OF 2017 UNDER FOREIGN EXCHANGE ACT, No.12 of 2017

- (c) Citizens of Sri Lanka who have obtained Permanent Residency Visa in another country and residing outside Sri Lanka.
- (d) Citizens of Sri Lanka who have proceeded outside Sri Lanka to take up employment or to set up in business or to engage in a profession.
- (e) Bodies corporated or unincorporated under the laws of a country other than Sri Lanka.
- (f) Companies which have entered into agreements in terms of Section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978 with full exemption from the provisions of the repealed Exchange Control Act, No. 24 of 1953 provided that all purchases of SLDBs are made against debits to foreign currency accounts maintained only for the purpose of crediting earnings from exports of such companies.
- (g) Companies registered to carry on insurance business in Sri Lanka under the provisions of the Regulation of Insurance Industry Act, No. 43 of 2000 provided that all purchases of SLDBs are made against debits to Special Foreign Currency Accounts maintained with Authorized Dealers by such insurance companies in terms of the approval granted under the provisions of the repealed Exchange Control Act, No. 24 of 1953.
- (h) Holders of Personal Foreign Currency Accounts and Business Foreign Currency Accounts.
- (i) Licensed Specialized Banks and Licensed Finance Companies which have been permitted to accept deposits in foreign currency.
- (j) Authorized Dealers appointed by the Central Bank of Sri Lanka under the Sections 4 (1) (a) and 4 (1) (b) of the Act.
- (k) Citizens of Sri Lanka who have dual citizenship provided such individuals are residing outside Sri Lanka.

4. Sri Lanka Development Bond Investment Account (SLDBIA)

4.1 Permitted Credits

- (a) Funds received in USD from investors specified in Paragraph 3 above for the purchase of SLDBs from GOSL.



**DEPARTMENT OF FOREIGN EXCHANGE
CENTRAL BANK OF SRI LANKA**

DIRECTIONS No. 12 OF 2017 UNDER FOREIGN EXCHANGE ACT, No.12 of 2017

4.2 Permitted Debits

- (a) Transfer of funds, in accordance with instructions given in the offer document or circular issued by SPD, being payment to GOSL for purchasing SLDBs by investors specified in Paragraph 3 above.
- (b) Transfer of funds to investors specified in Paragraph 3 above being refund and payments for any other purpose, on the instructions of SPD.

5. Dollar Account for Bond Investment (DABI)

5.1 Permitted Credits

- (a) USD procured and assigned for the purpose of purchasing SLDBs.
- (b) Funds received from investors specified in Paragraph 3 above on the sale of SLDBs to them.
- (c) Amounts received as repayment of principal and interest on SLDBs held by the account holder.

5.2 Permitted Debits

- (a) Transfer of funds in accordance with instructions given in the offer document or circular issued by SPD, being payments to GOSL for the acquisition of SLDBs.
- (b) Payments to sellers of SLDBs from whom SLDBs are purchased by the account holder in the secondary market.
- (c) Transfer of funds in accordance with instructions given in the offer document or circular issued by SPD, being any other amounts payable to SPD, such as fees for sub-division and consolidation of bonds.
- (d) Sale of foreign exchange in the account in excess of the account holder's requirements to purchase SLDBs, to an Authorized Dealer.

Director-Department of Foreign Exchange

20 November 2017