



Foreign 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;

- A non-national resident in or outside Sri Lanka.
- A non-national of Sri Lankan origin, who is resident outside Sri Lanka.
- A Sri Lankan citizen, resident outside Sri Lanka.
- A Company incorporated outside Sri Lanka.
- Country and Regional Funds, Mutual Funds, Unit Trusts and other Institutional investors who are established outside Sri Lanka.
- An administrator or executor of the estate of a deceased person, who maintained an Inward Investment Account with that authorized dealer until the completion of the administration of the deceased person's estate.
- A receiver or liquidator of a Company that maintained an Inward Investment Account with that authorized dealer until proceedings are concluded.
- Any other person or category of persons who may be authorized by the Central Bank from time to time.

3. Who Issues Treasury bills?

As an Agent of the Government of Sri Lanka, the Public Debt Department (PDD) 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 PDD.

6. What are the Main Features of Treasury bills?

- a) Risk free
- 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.
- (b) You can get the competitive 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 ones.
- (f) Interest income/ capital gains earned by foreigners out of investment in Treasury bills are not subject to taxation.
- (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 Securities 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 and Treasury bonds should not exceed the threshold limit approved by the Government and/or 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. 08/21/005/107/001, dated 12th December 2018.

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, LCBs and CBSL website (www.cbsl.gov.lk).
- c) Any detail on this scheme can be obtained from of the CBSL.