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இலங்கை மத்திய வங்கி

CENTRAL BANK OF SRI LANKA

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கொடுப்பனவுகள், தீர்ப்பனவுகள் திணைக்களம்

Payments and Settlements Department

27 November 2015

**Operating Instructions: PSD / ACU / 01 / 2015**

**To: All Licensed Commercial Banks**

**PROCEDURE FOR CHANNELING TRANSACTIONS THROUGH  
ASIAN CLEARING UNION MECHANISM**

1. All Licensed Commercial Banks in Sri Lanka (LCBs) are informed that the Operating Instructions No. PSD/ACU/01/2013 dated 25 September 2013 is hereby rescinded and these Operating Instructions No. **PSD/ACU/01/2015** will govern all transactions under the Asian Clearing Union (ACU) mechanism with effect from 01 December 2015.
2. As specified in the ACU Procedure Rules, when effecting transactions through ACU mechanism (Transactions), LCBs shall adhere to Exchange Control Act No. 24 of 1953, Convention on Suppression of Terrorist Financing Act No. 25 of 2005, Prevention of Money Laundering Act No. 5 of 2006, Financial Transactions Reporting Act No. 6 of 2006 and any other relevant Acts, Regulations, Directions, Guidelines, Circulars , Rules and Operating Instructions issued by the Central Bank of Sri Lanka (CBSL) or other Regulatory Bodies from time to time.
3. **Opening and Maintaining of Nostro Accounts**
  - 3.1 As per the Exchange Control Regulations, LCBs are authorized to open and maintain Nostro Accounts denominated in US Dollar and /or Euro with commercial banks in other ACU member countries (Correspondent Banks), and permitted the use of said Nostro Accounts for settling the payments of both import and export transactions among ACU member countries.
  - 3.2 All Transactions on eligible fund transfers (payments arising on account of trade and trade related Transactions) and surrendering of surplus funds shall be routed through ACU Nostro accounts depending on the transacted currency ( i.e. US Dollar or Euro).
  - 3.3 LCBs shall inform the Director/Payments and Settlements of the CBSL in writing Account Number, BIC Code and Name of the Correspondent Bank, when they open a new Nostro Account or close an existing Nostro Account in Correspondent Banks.

- 3.4 LCBs shall inform the Director/Payments and Settlements of the CBSL in writing any other changes of their Nostro Accounts held in correspondent banks in New York, USA and /or Frankfurt, Germany with immediate effect.
- 3.5 LCBs shall operate such Nostro Accounts for the sole purpose of effecting eligible Transactions with other ACU member countries only.
- 3.6 ACU Nostro Transactions are originated by Licensed Commercial Banks (LCBs) and therefore, LCBs shall solely be responsible for their own Transactions routed through the ACU mechanism.
- 3.7 LCBs are solely responsible for the maintenance of necessary documentary evidence for the Transactions routed through these Nostro Accounts.
- 3.8 Payments and Settlements Department of the CBSL shall only facilitate the settlement of Transactions.

#### **4. Funding and Remitting Surplus Funds in Nostro Accounts**

- 4.1 All payment instruments shall be denominated either in US Dollar or Euro.
- 4.2 When LCBs desire to fund their ACU Dollar or ACU Euro accounts held with Correspondent Banks, such amounts in US Dollar or Euro shall be made available to CBSL on the relevant value dates.
- 4.3 LCBs who are intending to repatriate surplus funds in their ACU Dollar or ACU Euro accounts held with Correspondent Banks shall advise such Correspondent Banks to effect such fund transfers through their respective Central Banks or Monetary Authorities.
- 4.4 On the receipt of advices from the relevant Central Banks or Monetary Authorities, CBSL shall make funds available to the recipient LCBs in US Dollars or Euros as per the settlement instructions given by the respective Central Banks or Monetary Authorities.
- 4.5 Value date shall be the TOM value date or the SPOT value date.
- 4.6 ACU Nostro funding will not be effected on holidays in Federal Reserve Bank, New York, Deutsche Bundesbank, Frankfurt, member countries and Sri Lanka.
- 4.7 Minimum amount of Nostro funding that can be routed through member Central Banks or Monetary Authorities shall be ACU Dollar or ACU Euro 500.
- 4.8 LCBs shall execute single ACU Nostro transaction when the Correspondent Bank, Account number and value date are entirely the same.



## **5. Funding and Remitting Surplus Funds in Nostro Accounts held with LCBs by Correspondent Banks (Vostro Accounts)**

- 5.1 When advices are received from Central Banks or Monetary Authorities of other ACU member countries to credit funds to the Nostro Accounts of Correspondent Banks held with LCBs, CBSL will make available such funds in US Dollars or Euros, as per the request, on value dates under advice to the recipient LCBs.
- 5.2 When LCBs are requested by their Correspondent Banks to remit surplus funds in their ACU Dollar or ACU Euro accounts maintained in Sri Lanka, the concerned LCBs should make available relevant US Dollar/Euro amounts to CBSL on respective value dates, in order to effect the fund transfers through the respective member Central Bank or Monetary Authority.
- 5.3 When remitting surplus funds, LCBs shall ensure that such funds are only the surplus funds received for Transactions from the same Correspondent Bank.

## **6. Requests for Funding of Nostro Accounts and Repatriation of Surplus Funds in Vostro Accounts**

- 6.1 Requests by LCBs for funding their Nostro Accounts held with Correspondent Banks and repatriation of surplus funds held by Correspondent Banks with LCBs shall be made available to CBSL using the communication media such as SWIFT or Fax only (Fax may be used only if the SWIFT system is not available).
- 6.2 Details of fund transfers should be informed to the ACU Division of the Payments and Settlements Department of CBSL via **E-mail** ([acupsd@cbsl.lk](mailto:acupsd@cbsl.lk)) or telephone (only if the E-mail facility is not available) before **14.00 hours**.
- 6.3 The written communication should be sent through SWIFT system (using MT 199 or MT 299 Free Format Message) or fax immediately after the E-mail confirmation enabling the same to reach the ACU Division of the Payments and Settlements Department of CBSL on or before **14.30 hours** on the same working day in attached formats “A1 or A2” / “B1 or B2”, as appropriate.
- 6.4 LCBs shall send their E-mail and SWIFT confirmations on their Nostro funding before the cut-off time and if any confirmation with respect to Transactions received after the cut-off time, the said Transactions will be executed on the next value date.

Contact Officer	Designation	Contact Telephone No.	Fax No.
Ms. K A T N Senaratna	Snr. Asst. Director	2477053	2422819
Ms. C Chandrawansa	Asst. Director	2477057	2346280

E-mail: [acupsd@cbsl.lk](mailto:acupsd@cbsl.lk)

#### 7. Fund Transfers to Accounts of the Central Bank of Sri Lanka

7.1 All credits to accounts of CBSL relating to the settlements under ACU mechanism should be made to the following accounts on the respective value dates.

Currency	Bank	A/c No
US Dollar	Federal Reserve Bank, New York	021083527
Euro	Deutsche Bundesbank, Frankfurt	5040040828

7.2 In the case of delayed/default payments, LCBs are subject to delayed/default charge and the relevant amount to be paid for the period of delay/default will be calculated by CBSL at the overnight Repo interest rates offered by Federal Reserve Bank, New York or Deutsche Bundesbank, Frankfurt as applicable.

#### 8. Interest on ACU Dollar and ACU Euro Accounts

LCBs may pay interest at their discretion on ACU Dollar and ACU Euro accounts maintained by the Correspondent Banks as per mutually agreed terms and conditions.



**Mrs. R A S M Dayarathna**  
Director / Payments and Settlements

**Funding of Nostro Accounts**

Director  
Payments and Settlements Department  
Central Bank of Sri Lanka  
Colombo 01

Dear Sir/Madam

ASIAN CLEARING UNION

We <name of the bank> hereby undertake to deliver  
USD amount <amount in words>  
for credit of account No. 021083527 of Central Bank of Sri Lanka with Federal Reserve Bank of New York,  
**through our USD correspondent <name of the USD Nostro Bank in USA and the BIC>**,  
on the value <date>.

Please arrange to credit this amount to  
our account No. \_\_\_\_\_  
with <name of the correspondent bank and the BIC>  
through <name of participant Central Bank and office>

Yours faithfully

.....(A)

.....(B)

Authorised Officer



**Surrender of surplus funds in Vostro Accounts of commercial banks of other ACU member countries**

Director  
Payments and Settlements Department  
Central Bank of Sri Lanka  
Colombo 01

Dear Sir/Madam

ASIAN CLEARING UNION

Please arrange to pay US\$ amount <amount in words>  
to <name of participant Central Bank > through the Asian Clearing Union for  
account of <name of Commercial Bank in the participating country and the BIC>  
on <value date> being surplus funds in the ACU dollar Account held with us by the above named bank.

We undertake to deliver US\$ amount <amount in words> to  
your account No. 021083527 SRILAG with Federal Reserve Bank of New York,  
through our USD correspondent <name of the USD Nostro Bank in USA and the BIC> ,  
on the value date stated above.

Yours faithfully

.....(A)

.....(B)

Authorised Officer



**Surrender of surplus funds in Vostro Accounts of commercial banks of other ACU member countries**

Director  
Payments and Settlements Department  
Central Bank of Sri Lanka  
Colombo 01.

Dear Sir/Madam,

ASIAN CLEARING UNION

Please arrange to pay Euro amount <amount in words>  
to <name of participant Central Bank> through the Asian Clearing Union for  
account of <name Commercial Bank in the participating country and the BIC>  
on <value date> being surplus funds in the ACU Euro Account held with us by the above named bank.

We undertake to deliver Euro amount <amount in words>  
to your account No. 5040040828 with Deutsche Bundesbank Frankfurt,  
through our EUR correspondent <name of EUR Nostro Bank in the European Region and the BIC> ,  
on the value date stated above.

Yours faithfully

.....(A)

.....(B)

Authorised Officer