



Our Ref: 33/04/012/0011/006

27 January 2021

To: Chief Executive Officers of All Licensed Banks

Amendments to the Operating Instructions issued to Licensed Banks on “Incentive Scheme on Inward Remittances”

This is with reference to the Operating Instructions issued to Licensed Banks (LBs) on “Incentive Scheme on Inward Worker Remittances” dated 22.12.2020 and 01.01.2021 (under reference numbers: 33/04/012/0011/004 and 33/04/012/0011/005), respectively.

The cost of the incentive of Rs. 2 per US Dollar (USD) as mentioned in the aforementioned Operating Instructions is borne by the Government of Sri Lanka.

Following from the above, all LBs are hereby required to sell to the Central Bank of Sri Lanka (CBSL) ten *per centum* of the inward worker remittances which are converted to LKR, in USD, as per the listed guidelines below, with immediate effect.

1. Frequency and the Threshold of USD Sales to the CBSL

- (a) Once ten *per centum* of total converted inward worker remittances of an LB equals USD 1.0 Mn on a particular working day, such LB is hereby required to sell to the CBSL the said amount, in USD.
- (b) Notwithstanding the provisions of paragraph 1. (a) above, every LB is required to ensure sale of ten *per centum* of the total converted inward worker remittances of such LB to the CBSL, in any given quarter, in USD.
- (c) Sale of foreign currency to the CBSL referred to in paragraphs 1. (a) and (b) above shall be made on the first working day:
 - (i) after the working day that the said ten *per centum* of the total converted inward worker remittances equal USD 1.0 Mn, or
 - (ii) after the last working day of a given quarter, whichever occurs earlier.

2. Applicable USD / LKR Exchange Rate for Sale of USDs to the CBSL

The volume weighted average of the USDs / LKR exchange rate shall be applicable for the sale of USD to the CBSL. In case of converted currencies other than USDs, the USD / LKR rate shall be derived, as appropriate.

3. Tenor Basis for Settlement

Each transaction between the CBSL and an LB shall be on "TOM (i.e.: T+1)" basis.

4. Settlement Instructions

In settlement, LBs are required to follow the standard USD / LKR settlement instructions. In executing, LBs are required to execute deals through "Thomson Reuters" or "Bloomberg" trading platforms. However, if any LB does not have access to such trading platforms, the said LB is required to use official e-mail as a source for deal execution.

5. Submission of Information

LBs are required to duly complete the following template in a "MS Excel format" named as "Remittance Conversions for the Week/Quarter ending -" (*Name of the LB*) and are required to e-mail to dfx@cbsl.lk on weekly/ quarterly basis, as may be applicable.

For further information or clarification, you may contact the International Operations Department of the CBSL on 0112398711, 0112477595 or on 0761754680.



Deshamanya Prof. W D Lakshman
Governor
Central Bank of Sri Lanka