



ශ්‍රී ලංකා මහ බැංකුව  
இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

Our Ref: 33/04/012/0011/007

18 February 2021

To: Chief Executive Officers of All Licensed Banks

**Operating Instructions to Licensed Banks on “Repatriation of Export Proceeds into Sri Lanka”**

This has reference to the Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2021 as published in the Gazette Extraordinary No. 2215/39 dated 18.02.2021 (hereinafter referred to as “the Rules”), which have been issued by the Monetary Board of the Central Bank of Sri Lanka (hereinafter referred to as “the CBSL”) acting in terms of the provisions of Section 68 read in conjunction with the provisions of Section 10 (c) of the Monetary Law Act, No. 58 of 1949, as amended, in respect of the receipt of export proceeds into Sri Lanka and the conversion of such export proceeds into Sri Lankan Rupees (a copy of the Rules is at Annex I).

As per the Rules, *inter alia*, every exporter of goods shall, immediately upon the receipt of such export proceeds into Sri Lanka, convert twenty-five *per centum* (25%) from and out of the total of the said export proceeds received in Sri Lanka into Sri Lankan rupees (hereinafter referred to as “LKR”), through a Licensed Commercial Bank or a Licensed Specialised Bank (hereinafter referred to as “Licensed Bank”), until further notice.

All Licensed Banks (hereinafter referred to as “LBs”) are hereby required to sell fifty *per centum* (50%) of the export proceeds in various currencies purchased from exporters of goods as per the Rules, to the CBSL in US dollars (hereinafter referred to as “USD”), as per the guidelines given below, with immediate effect, until further notice.

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

Once the fifty *per centum* (50%) of total value of export proceeds in various currencies so converted into LKR by exporters of goods, equals USD 1.0 Mn or more on any working day, on an ongoing basis, an LB is required to sell such amount in USD to the CBSL, on the immediate following working day (Refer the example demonstrated in Annex II).

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

The volume weighted average of the USD converted shall be applicable for the sale between the CBSL and an LB. In case of converted currencies other than USD, 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. Monitoring of Export Proceeds, Record Keeping and Accounting**

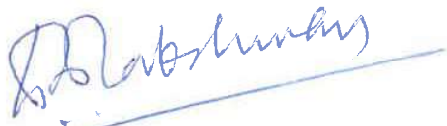
All LBs are required to strictly monitor the receipt of export proceeds into Sri Lanka and conversion of such proceeds into LKR as per the Rules, and are required to maintain all necessary records with supporting documents to be presented upon any inquiry by the CBSL. Further, LBs are required to maintain separate accounts to with regard to such export proceeds and sales of USD to the CBSL under the above requirement.

**6. Submission of Information**

All LBs are required to submit the duly completed following template in a "MS Excel format" named as "Export Proceeds Conversions as at ..... - ..... " (Name of the LB) upon fulfilling the requirement as stated in paragraph 1 above, on the immediate following working day and are required to e-mail the same to dfx@cbsl.lk.

<b>A</b> <b>Date</b> <b>Converted</b> <b>into LKR</b> <b>(dd/mm/yyyy)</b>	<b>B</b> <b>Total Export</b> <b>Proceeds Converted</b> <b>under the</b> <b>Requirement of 25%</b> <b>In respective</b> <b>Currency</b>	<b>C</b> <b>50% of the</b> <b>Converted</b> <b>Export</b> <b>Proceeds</b> <b>(B * 50%)</b>	<b>D</b> <b>Amount</b> <b>Equivalent to</b> <b>USD of "C"</b> <b>(to Nearest</b> <b>Whole Figure)</b>	<b>E</b> <b>Applicable</b> <b>USD /</b> <b>LKR Rate</b>
<b>Volume (USD) Weighted Average Rate Applicable to USD/ LKR as at ..... (rounded-off to two decimal places)</b>				<b>xxx.xx</b>

For further information or clarifications, you may contact the International Operations Department of the CBSL on 0112398715, 0112477595 or on 0761754680.

A handwritten signature in blue ink, appearing to read 'D. Lakshman', is written over a horizontal line.

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

*Encl.*

**MONETARY LAW ACT, NO. 58 OF 1949**

**Rules made under Section 10 (c) read with Section 68 of  
the Monetary Law Act, No. 58 of 1949**



**Professor. W D Lakshman**

*Chairman of the Monetary Board and  
Governor of the Central Bank of Sri Lanka*

Central Bank of Sri Lanka,  
Colombo,  
18 February, 2021

**REPATRIATION OF EXPORT PROCEEDS INTO SRI LANKA**

1. These Rules shall be cited as “Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2021”.
2. The Monetary Board of the Central Bank of Sri Lanka, acting in terms of the provisions of Section 68 read in conjunction with the provisions of Section 10 (c) of the Monetary Law Act, No. 58 of 1949, as amended, hereby issues Rules in respect of the receipt of export proceeds into Sri Lanka and the conversion of such exports proceeds into Sri Lanka Rupees.
3. Every exporter of goods shall, until further notice:
  - (i) receive the export proceeds in Sri Lanka in respect of all goods exported within hundred and eighty (180) days from the date of shipment, and
  - (ii) forthwith submit all related documentary evidence on each and every receipt of export proceeds in respect of every export of goods made, to the respective Licensed Commercial Bank or the Licensed Specialised Bank (hereinafter referred to as “Licensed bank”) that receives such proceeds in Sri Lanka.
4. Every exporter of goods shall, immediately upon the receipt of such export proceeds into Sri Lanka as required under Rule 3 above, convert twenty five *per centum* (25%)

from and out of the total of the said exports proceeds received in Sri Lanka into Sri Lanka Rupees, through a Licensed bank.

5. The requirement of converting the aforesaid twenty five *per centum* (25%) from and out of the export proceeds received in Sri Lanka, shall continue, until any other percentage as may be determined by the Monetary Board, from time to time.
6. All licensed banks shall be required to mandatorily monitor, strictly, the receipts of exports proceeds in Sri Lanka within the period as stipulated in Rule 3 above and the conversion of such proceeds as required in Rule 4 above, and shall maintain all documentary evidence relating or in connection thereto.
7. All licensed banks shall submit reports to the Director of the Foreign Exchange Department of the Central Bank of Sri Lanka as may be required from time to time and provide unencumbered access to the officers of the Central Bank of Sri Lanka as may be authorised by the Governor or the Deputy Governor, as the case may be, to inspect or examine the records maintained under Rule 6 above, and to examine and review all actions taken by such licensed banks in securing full and strict compliance with these Rules.
8. These rules shall apply in respect of all goods exported and where the hundred and eightieth (180<sup>th</sup>) date from the date of the shipment of such goods falls on any date after these Rules come into force.
9. These Rules shall come into force with immediate effect and from the date hereof.
10. For the avoidance of any doubt, and for the purposes of these Rules, 'Export Proceeds' shall include such proceeds required to be repatriated, into Sri Lanka, under and in terms of the Regulations made under Section 29 read with Section 7 of the Foreign Exchange Act, No. 12 of 2017, published in the Extraordinary Gazette No. 2145/49 of the Democratic Socialist Republic of Sri Lanka dated 17.10.2019.
11. For the purposes of these Rules, the terms "Licensed Commercial Bank" and "Licensed Specialised Bank" shall have the meaning assigned to them in the provisions of the Banking Act, No. 30 of 1988.

## Annexure II

### Example: Bank A - Export Proceeds

(a) Date Converted into LKR	(b) Currency	(c) Total Export Proceeds in Respective Currency	(d) USD/LKR Rate Applicable for Conversion	(e) Total Export Proceeds in USD Equivalent	(f) Total Converted Amount under the Requirement of 25% in USD [(e) * 25%]	(g) 50% of the Converted Export Proceeds [(f) * 50%]	(h) Cumulative Value of (g) (as applicable) USD	(i) Amount to be Sold to CBSL USD	(j) Rate Applicable	(k) Date of Sale	(l) Settlement Date
01.02.2021	USD	10,000,000	194.00	10,000,000	2,500,000	1,250,000	1,250,000	1,250,000	194.00	02.02.2021	03.02.2021
02.02.2021	USD	5,000,000	194.20	5,000,000	1,250,000	625,000	625,000	N/A	N/A	N/A	N/A
03.02.2021	USD	6,000,000	194.30	6,000,000	1,500,000	750,000	1,375,000	1,375,000	194.2545*	04.02.2021	05.02.2021
04.02.2021	EUR	10,000,000	194.50**	12,000,000***	3,000,000	1,500,000	1,500,000	1,500,000	194.50	05.02.2021	08.02.2021
05.02.2021	EUR	5,000,000	194.10	6,000,000***	1,500,000	750,000	750,000	N/A	N/A	N/A	N/A
08.02.2021	EUR	6,000,000	194.20	7,200,000***	1,800,000	900,000	1,650,000	1,650,000	194.1545****	09.02.2021	10.02.2021

Note: All the numbers, rates and dates given in the above table are arbitrary and only used for illustration purposes.

Assumption: 01.02.2021 is a Monday (Business day) and no holidays are there in February 2021 except for weekends.

$$\begin{aligned} \text{*Volume Weighted Average Rate applicable} &= [(194.20*1.25Mn) + (194.30*1.5 Mn)] / (1.25 Mn + 1.5 Mn) \\ &= (242.75 + 291.45) / 2.75Mn. \\ &= \mathbf{194.2545} \end{aligned}$$

\*\* USD/LKR rate is derived based on EUR/LKR and EUR/USD rates. In this illustration, EUR/LKR rate used to convert EUR export proceeds is assumed as 233.40. Further, EUR/USD rate is assumed as 1.2.

\*\*\* EUR/USD rate applicable for conversion is 1.2.

$$\begin{aligned} \text{**** Volume Weighted Average Rate applicable} &= [(194.10*1.50Mn) + (194.20*1.80Mn)] / (1.50Mn + 1.80Mn) \\ &= (291.15 + 349.56) / 3.30Mn \\ &= \mathbf{194.1545} \end{aligned}$$