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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

Our Ref.: 33/04/012/0011/11

28 May 2021

To: Chief Executive Officers of All Licensed Banks

**Operating Instructions issued 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, issued by the Monetary Board of the Central Bank of Sri Lanka (CBSL) and published in the Gazette Extraordinary No. 2215/39 dated 18.02.2021, as amended by the Repatriation of Export Proceeds into Sri Lanka Rules No. 2 of 2021 published in the Gazette Extraordinary No. 2218/38 dated 09.03.2021, the Repatriation of Export Proceeds into Sri Lanka Rules No. 3 of 2021 published in the Gazette Extraordinary No. 2222/60 dated 09.04.2021, and the Repatriation of Export Proceeds into Sri Lanka Rules No. 4 of 2021 published in the Gazette Extraordinary No. 2229/09 dated 28.05.2021, 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 Gazette Extraordinary No. 2229/09 dated 28.05.2021 is at Annexure I.

Under and in terms of the afore mentioned “Repatriation of Export Proceeds into Sri Lanka Rules”, every exporter of goods shall, within thirty (30) days upon the receipt of such export proceeds into Sri Lanka, mandatorily convert not less than Twenty Five *per centum* (25%) from and out of the total of the said export proceeds received in Sri Lanka, into Sri Lanka Rupees (hereinafter referred to as “LKR”), through a licensed commercial bank or a licensed specialized bank (hereinafter referred to as “Licensed Bank”), until

further notice, or mandatorily convert such other per centum as may be determined from time to time by the Monetary Board.

Accordingly, all Licensed Banks (hereinafter referred to as "LBs") are required to sell ten *per centum* (10%) from and out of the Twenty Five *per centum* (25%) of such export proceeds (equivalent to USD,) so converted into LKR, as required under the above Rules, to the CBSL, in USD, on a weekly basis, with effect from 28.05.2021, until further notice.

The other requirements under paragraphs 2, 3, 4 and 5 as specified in the previously issued Operating Instructions (under reference 33/04/012/0011/007 dated 18.02.2021 at Annexure II) shall remained unchanged.

Furthermore, all LBs are also required hereby to diligently submit a weekly certification on the sale of export proceeds, as given in Annexure III hereto, along with the excel worksheets, in order to support the calculation of the same and the same shall be forwarded to the e-mail [fxsales.mandatory@cbsl.lk](mailto:fxsales.mandatory@cbsl.lk), together with the sale of USD to the CBSL, for a particular working week.

Please be advised that the failure to comply with the Rules read together with any of the requirements of these consequential Operating Instructions, will amount to an offence in terms of the Monetary Law Act.

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



**Deshamanya Prof. W D Lakshman**

**Governor**

**Central Bank of Sri Lanka**

*Encl.*



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# The Gazette of the Democratic Socialist Republic of Sri Lanka

## EXTRAORDINARY

අංක 2229/9 - 2021 මැයි මස 28 වැනි සිකුරාදා - 2021.05.28

No. 2229/9 - FRIDAY, MAY 28, 2021

(Published by Authority)

### PART I : SECTION (I) — GENERAL

#### Central Bank of Sri Lanka Notices

#### 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,  
28th May, 2021

#### Repatriation of Export Proceeds into Sri Lanka

1. These Rules shall be cited as the “Repatriation of Export Proceeds into Sri Lanka Rules No. 4 of 2021”.
2. The Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2021 issued by the Monetary Board of the Central Bank of Sri Lanka and published in the *Gazette (Extraordinary)* Notification No. 2215/39 dated 18 February 2021, as amended by the Repatriation of Export Proceeds into Sri Lanka Rules No. 2 of 2021 published in the *Gazette (Extraordinary)* Notification No. 2218/38 dated 9 March 2021 and the Repatriation of Export Proceeds into Sri Lanka Rules No. 3 of 2021, published in the *Gazette (Extraordinary)* Notification No. 2222/60, dated 9 April 2021, is hereby further amended -



**(a) by the repeal of Rule 4 thereof and the substitution therefor, of the following new Rules-**

“4. Every exporter of goods shall, within thirty (30) days upon the receipt of such export proceeds into Sri Lanka as required under Rule 3 above, convert not less than Twenty- five per centum (25%) from and out of the total of the said export proceeds received in Sri Lanka, into Sri Lanka Rupees, through a licensed bank”.

“4A. The Monetary Board may however determine the specific export sectors or industries or individual exporters, who or which may be permitted to convert less than twenty five per centum of the total of the export proceeds received in Sri Lanka, if the Monetary Board is satisfied, in its discretion, that the export goods and processes of such export sector, industry or exporter, utilize a very high percentage of imported goods that cannot be sourced domestically.

Provided however, that in no instance, shall any such partial exemption that the Monetary Board may grant in its discretion, as referred to immediately above, be below ten per centum (10%) of the total export proceeds”.

“4B. Such date of conversion mentioned in Rule 4 and 4A above, shall not be a date later than the date before which the export proceeds shall be received in Sri Lanka, as required by Rule 3 (i) above (i. e., not later than One Hundred and Eighty (180) days from the date of shipment)”.

**(b) by the repeal of Rule 5 thereof and the substitution therefor, of the following new Rule-**

“5. The Monetary Board may in general, having regard to the liquidity situation in the foreign exchange market and the Gross Official Reserve levels in Sri Lanka, determine from time to time, such other percentage as the case may be, of the export proceeds received in Sri Lanka, that shall be converted into Sri Lanka Rupees through a Licensed Bank as the Monetary Board may deem fit and appropriate in the prevailing circumstances”.



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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 'W 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.*

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

*\*\* 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.*

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

----- *Corporate Letterhead* -----

Date:

Ref:

Director

International Operations Department

Central Bank of Sri Lanka

**Sale of 10% out of the 25% of Converted Export Proceeds to the Central Bank of Sri Lanka**

We hereby certify that the information contained in the attached excel worksheet at Annexure is accurate and has been extracted and is in accordance with the books of accounts of the ..... (*name of the bank*). It contains the conversion of export proceeds for the week commencing from ..... to ..... for the value of USD ..... mn and accordingly, sale of USD..... mn to the Central Bank of Sri Lanka on ..... with the settlement date of .....

Signature:

Name:

Designation: Chief Compliance Officer

Signature:

Name:

Designation: Chief Financial Officer

Signature:

Name:

Designation: Chief Executive Officer

*(Scanned copy of the signed letter to be supported with the excel worksheet)*



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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

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பன்னாட்டுத் தொழிற்பாட்டுத் திணைக்களம்  
INTERNATIONAL OPERATIONS DEPARTMENT

අංක 30, ජනාධිපති මාවත, කොළඹ 01, ශ්‍රී ලංකාව  
இல. 30, சனாதிபதி மாவத்தை, கொழும்பு - 01, இலங்கை  
No. 30, Janadhipathi Mawatha, Colombo 01, Sri Lanka

**Frequently Asked Questions (FAQs) No. 2 of 2021 dated 28.05.2021**

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

(under references 33/04/012/0011/007 dated 18.02.2021 and 33/04/012/0011/011 dated 28.05.2021)

**Question 1: How often Licensed Banks (LBs) are required to sell 10% of mandatory converted export proceeds in USD to the Central Bank of Sri Lanka (CBSL)?**

**Answer:** On a weekly basis. A week here is referred to as regular five working days from Monday to Friday. Accordingly, LBs are required to sell such USD for a particular working week, on Friday (or the last working day) of the same week or on next working day of the following week, subject to the usual FX market holiday conventions.

**Question 2: What is the applicable tenor to sell 10% of mandatory converted export proceeds to the CBSL?**

**Answer:** If 25% of mandatory converted export proceeds have been executed in Cash, Tom or Spot tenors, 10% of such converted export proceeds (Cash, Tom or Spot tenors) are required to be sold to the CBSL as per the above Operating Instructions (OIs) on ‘Tom’ basis, where sales to the CBSL done on every Friday (or on the last working day of same week) will be settled on the Monday (or the first working day) of the following week. For

example, FX sales to the CBSL done on every Monday will be settled on Tuesday, subject to the usual FX market holiday conventions.

**Question 3: When LBs are required to sell 10% of 25% of export proceeds converted into LKR on Forward tenors to CBSL?**

**Answer:** 25% of Export proceeds converted into LKR on forward tenors should also be taken into consideration when making sales to the CBSL, if the conversion taken place within the particular week, irrespective of the settlement date (E.g. If the forward conversion has taken place on 31.05.2021, and the settlement date will be on 07.07.2021, that transaction should be included in the 10% of mandatory sales to the CBSL, for the week ending 04.06.2021). For the aforesaid forward transaction, settlement date with CBSL should be done at the forward date + one business day (08.07.2021).

**Question 4: Any minimum amount or a threshold is applicable on weekly sale of USD to the CBSL on account of mandatory converted export proceeds?**

**Answer:** No, there is not a minimum amount. LBs are required to sell the absolute amount rounded-off to the nearest whole number of 10% of mandatory converted export proceeds for a particular working week.

**Question 5: What should be included in the excel worksheet that should be submitted along with the weekly certification?**

**Answer:** Date-wise and currency-wise mandatory converted export proceeds, respective currency exchange rate, respective cross currency exchange rate, USD equivalent amount, weighted average USD /LKR exchange rate, trade date, settlement date and the exact USD amount to be sold to the CBSL for the respective week, which should be in line with the amounts and dates reported in the weekly certification. It is recommended to check and ensure the accuracy of the calculation on the excel worksheet with the officers of

the Domestic Foreign Exchange Market division of IOD, (at phone Nos. 0112398715, 0112477595 or 0761754680 or e-mail: dfx@cbsl.lk) prior to execute the deal, to avoid any inaccuracies.

**Question 6: If an LB does not have any amount to be sold to the CBSL on account of mandatory converted export proceeds for a particular working week, what should the LB do?**

**Answer:** Such LB is required to submit the weekly certification as “NIL”.

**W R M K Fernando**

Director - International Operations Department

Central Bank of Sri Lanka