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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

Date: 26 January 2023

Our Ref: 33/04/012/0012/007

To: Chief Executive Officers of Licensed Commercial Banks and National Savings Bank

**Operating Instructions on the Participation at the USD/LKR Buy-Sell and Sell-Buy Foreign Exchange Swap Auctions of the Central Bank of Sri Lanka**

All Licensed Commercial Banks (LCBs) and National Savings Bank (NSB) are hereby requested to adhere to the following Operating Instructions in participation at the USD/LKR buy-sell and sell-buy foreign exchange (FX) swap auctions of the Central Bank of Sri Lanka (CBSL).

**1. Eligible Banks for the Participation**

- 1.1 All LCBs and NSB are eligible to participate at USD/LKR buy-sell and sell-buy FX swap auctions of the CBSL.
- 1.2 Eligible banks may participate at auctions at their own discretion and the participation is not mandatory.

**2. Near Leg USD / LKR Rate**

- 2.1 The latest available market reflective USD/LKR spot exchange rate should be used. If the tenor of the first leg is different to the spot tenor, (i.e., cash, tom, forward) the relevant adjustment to the respective first leg rate needs to be made by allowing a daily premium/discount to the market reflective spot exchange rate. The exchange rate to be used in the first leg of such tenor will be communicated in the auction notice.

**3. Auction Duration**

Auction will be closed after 30 minutes from the opening of the auction.

#### **4. Auction Mechanism**

- 4.1 The designated CBSL e-mail for USD/LKR buy-sell and sell-buy FX swap auctions is *fxswaps.iod@cbsl.lk*.
- 4.2 An auction announcement will be e-mailed to Heads of Treasuries and to another one designated e-mail address of each eligible bank through the designated e-mail address of the CBSL (*fxswaps.iod@cbsl.lk*) with necessary information of the auction. A message with the details of the auction will appear on “CIMM Home Screen” simultaneously.
- 4.3 Eligible banks, at their discretion, are requested to submit their bids in terms of swap points (in LKR) well in advance to the cut-off time in order to avoid any technical limitations. (i.e., if the cut-off time is 12:00 noon, all bids received by the CBSL to the designated e-mail address of “*fxswaps.iod@cbsl.lk*” until 12.00 noon (including 12:00 noon) will be considered as eligible bids and any bid received after 12.00 noon will not be considered as an eligible bid).
- 4.4 Eligible banks should send their respective bid quantities and swap points in a designated excel format (will be attached with respect to each auction announcement) to *fxswaps.iod@cbsl.lk*. If a LCB or NSB encounters a technical issue in sending an e-mail to the designated e-mail address of the CBSL, that bank may forward their bids via Fax (Fax No: 011 234 6282), prior to the cut-off time of the Auction.
- 4.5 CBSL reserves the right to accept all/part of the bids or to reject all/part of the bids submitted by eligible banks, irrespective of the offered volume, or to accept a higher or lower volume than the offered volume and such decision will be final.

#### **5. Communication of Auction Results**

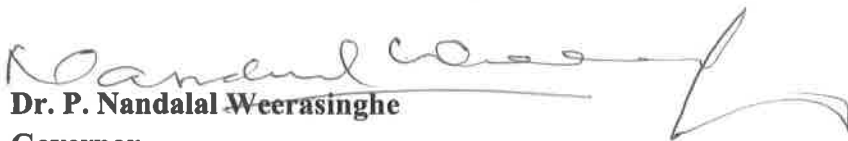
- 5.1 Auction results will be communicated to all eligible banks through the designated e-mail address (*fxswaps.iod@cbsl.lk*).
- 5.2 Banks, whose bids have been accepted at the auction, will be informed via the designated e-mail, and banks are required to confirm the receipt of the e-mail.
- 5.3 These e-mails will be considered deal confirmations by both counterparties in terms of proceeding for the settlement.

**6. Settlement Instructions**

LCBs and NSB are requested to follow standard settlement procedure.

**7. Contact Numbers in CBSL**

For further information or clarifications, you may reach officials of IOD of the CBSL on 0112398715, 0112398711 or 0112477084.

  
**Dr. P. Nandalal Weerasinghe**  
**Governor**  
**Central Bank of Sri Lanka**