



25 May 2026

Payment and Settlement Systems Circular No. 04 of 2026

To: (i) Chief Executive Officers of all Members of the Common Electronic Fund Transfer Switch and the Common ATM Switch
(ii) Chief Executive Officer of LankaPay (Pvt) Ltd

Implementation of risk mitigation mechanisms for Common Electronic Fund Transfer Switch and Common ATM Switch with the discontinuation of the Liability Manager Mechanism

This Circular is issued in terms of Section 44 of the Payment and Settlement Systems Act No. 28 of 2005 (Act), for the purpose of mitigating credit risk associated with the operations of the Common Electronic Fund Transfer Switch (CEFTS) and the Common ATM Switch (CAS), and ensuring smooth settlement of the multi-lateral net clearing balances relating to transactions of above systems in the RTGS System of the Central Bank of Sri Lanka (CBSL). This Circular shall replace the Payment and Settlement Systems Circular No. 03 of 2023 dated 20 July 2023 and shall come into operation with effect from 01 June 2026.

2 Implementation of Net Debit Caps (NDCs)

- 2.1 With the discontinuation of the Liability Manager Limits applicable to CEFTS and CAS, CBSL has decided to introduce NDCs for each Member of CEFTS and CAS.
- 2.2 Accordingly, each Member of CEFTS and CAS shall assign itself NDCs taking into consideration the expected net obligations arising from CEFTS and CAS clearing cycles.
- 2.3 CBSL will provide minimum NDCs to each Member as an initial guidance.

3 Maintaining a Settlement Guarantee Amount (SGA)

- 3.1 Each Primary Member shall maintain funds of an amount equal to or higher than the total value of CEFTS and CAS NDCs as the SGA, in the Settlement Guarantee Funding Account (SGFA) allocated for each Primary Member in the RTGS System.
- 3.2 SGA shall be maintained during the operating hours of the RTGS System, to ensure the timely settlement of the net obligations arising from CEFTS and CAS clearing cycles.
- 3.3 After operating hours of the RTGS System, the SGA may be maintained by pledging unencumbered Government Securities (of a value equivalent to or exceeding the NDCs calculated using applicable prices and haircuts), in the Primary Members' Intra-day Liquidity Facility (ILF) securities account of the LankaSettle System.

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3.4 The SGA requirement of Secondary Members shall be included in the SGA requirement of the Primary Member, i.e., the Primary Member's SGA should be sufficient to cover the Primary Member's own NDCs and the total of all its Secondary Members' NDCs.

4 Monitoring of Net Debit Positions

Primary Members shall monitor their Net Debit positions using the facility provided by LankaPay (Pvt) Ltd (LPPL) as per the operating instructions issued by LPPL.

K V K Alwis

Director

Payments and Settlements