

PART III

PART III

MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 2000

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14th March, 2000

The Manager,
Bank of Ceylon,
Metropolitan Branch,
Colombo 1.

Dear Sir,

ADB LOAN NO. 1535 SRI (SF)
SCIENCE AND TECHNOLOGY PERSONNEL DEVELOPMENT PROJECT
PROCEDURE FOR IMPORTS

The Asian Development Bank (hereinafter referred to as ADB) has agreed to lend to the Government of the Democratic Socialist Republic of Sri Lanka, an amount equivalent to SDR 14,721,000 (Fourteen Million Seven Hundred and Twenty One Thousand only) for a Science and Technology Personnel Development Project which will be executed by the Ministry of Science and Technology (hereinafter referred to as MST) who will utilize a part of the credit for the importation of equipment for the project. You are required to observe the following procedure in dealing with imports under this project.

2. All imports which must be from eligible source countries as shown in Annexure I, should be made against confirmed, irrevocable, without recourse Letters of Credit established by your bank on application made by MST. Every such Letter of Credit should contain the following clause:

“This Letter of Credit is established under Asian Development Bank Loan No. 1535 SRI(SF) and becomes effective only if and when Asian Development Bank issues its commitment letter to the advising/confirming bank. For payment, please follow the instructions contained in the said commitment letter”.

Even if the above mentioned clause is not incorporated in the Letter of Credit, it will immediately become operative on the strength of your bank's commitment to finance the transaction. However, the ADB's commitment if and when issued, will shift the financing commitment to the ADB. In such case, the Letter of Credit should contain the following clause :

“The financing of this Letter of Credit is undertaken by Bank of Ceylon, Metropolitan Branch, Colombo, Sri Lanka. However, it is established under Asian Development Bank Loan No. 1535 SRI(SF), and if and when Asian Development Bank issues the commitment letter to the advising/confirming bank, the latter shall follow the instructions contained in the said commitment letter, and claim payment/ reimbursement from Asian Development Bank”.

Two copies of your Letter of Credit should be sent to MST who will arrange to have the ADB issue its formal letter of commitment to your bank's correspondent. If the ADB agrees to the MST's request it will issue a formal commitment letter to the designated commercial bank in the form shown in Annexure 2 to this letter.

3. (i) ADB's written approval is required for any amendments to the Letter of Credit involving :
- (a) terms of payment including currency & amount of the Letter of Credit;
 - (b) the description or quantity of goods;
 - (c) the beneficiary;

- (d) the country of origin; and
- (e) extension of the expiry date of the Letter of Credit beyond the closing date *i.e.* 31st December, 2002 for withdrawal from the Loan Account.

Amendments not covered under (a) to (e) above do not require ADB's approval. Requests for approval of amendments mentioned above should be made promptly by the MST on the form shown in Annexure 3 to this letter accompanied by one copy of the amendment signed by you. The amendment of a Letter of Credit in such cases should include the following provision:-

"This amendment shall become effective when it is approved by ADB"

The ADB's approval, if given, will be communicated to your bank's correspondent as well as to the MST on the form shown in Annexure 4 to this letter.

- (ii) The expiry date and the shipping date may be extended up to the closing date for withdrawal from the Loan Account without ADB's prior approval. When such extension has been made, MST should promptly inform ADB of such extension in the form shown in Annexure 3 to this letter attaching one copy of the extension duly signed by an authorized officer of your bank. Two copies of every amendment, whether subject to ADB's prior approval or not, should be sent by your bank to MST who will arrange, where necessary, for the ADB's approval to be issued.

4. On making payment to the beneficiary in terms of a Letter of Credit in respect of which a letter of commitment has been issued by the ADB, your bank's correspondent should forward the relevant documents to your bank and request reimbursement from ADB in the form shown in Annexure 5 of this letter. Your bank's correspondent should also forward a copy of the request for reimbursement to MST. In order to facilitate prompt disbursement, your bank's correspondent may send an authenticated SWIFT, telex or cable request to the ADB in the form shown in Annexure 6 to this letter. Arrangements should be made with the correspondent to advise your bank as expeditiously as possible about the receipt of reimbursement from ADB, and the shipping documents should be retained until confirmation of such reimbursement has been received. No Counterpart Funds are to be collected from the MST at the time of releasing the documents.

5. In case there is any discrepancy between the shipping documents and the terms of a Letter of Credit, the ADB will not be in a position to honour the payment claim. Neither will it be in a position to accept a Letter of Indemnity issued or endorsed by (Negotiating) commercial bank. In such an event, the negotiating commercial bank should seek through your bank the MST's authorization to make such payment despite any discrepancy.

The MST after authorizing the payment in consultation with your bank, should inform ADB by cable of the discrepancy and of the payment authorization given to the negotiating bank.

6. Where a commitment is issued by ADB in a currency other than the US Dollar, the commitment letter will specify the US Dollar equivalent determined on the basis of the exchange rate at which the ADB expects the non-US currency to become available for payment under such commitment. If in the case of any particular claim made by any of your bank's correspondents in a non-US Currency, the US Dollar equivalent exceeds the amount available under ADB's commitment, ADB will limit the reimbursement to the non-US Currency equivalent of such US Dollar amount available. If for this reason or for any other reason whatsoever, ADB declines to reimburse your bank's correspondent in full or in part in respect of a claim made in terms of your Letter of Credit, your bank may remit to your bank's correspondent the amount disallowed by the ADB. You should make necessary arrangements for this purpose with MST.

7. The Controller of Exchange will advise your bank regarding Exchange Control requirements in this connection.

8. All your bank's charges should be for account of MST.

Yours faithfully,

M. B. Dissanayake
Chief Accountant

CC: 1. Controller of Exchange
2. Project Director
Science and Technology Personnel Development Project
Ministry of Science and Technology
No. 320, T. B. Jayah Mawatha
Colombo 10.

5th April, 2000

To : All Licensed Commercial Banks

INDIA / SRI LANKA CREDIT AGREEMENT – SECOND TRANCHE OF US \$ 15 MILLION
– PAYMENT PROCEDURE FOR IMPORTS

All licensed commercial banks are hereby informed that the Government of India has extended the terminal date for contracting and opening of Letters of Credit under the Indian Line of Credit upto 31.05.2000 and the date of disbursement upto 31.05.2001 in respect of import of capital goods from India.

2. Other terms and conditions of our Operating Instruction No. BD/07/96 dated 14th October, 1996 remain unchanged.

M. B. Dissanayake
Chief Accountant

CC: 1. Controller of Exchange
2. Director General
Dept. of External Resources

Circular No. : BD / 01 / 2000

Banking Department

19th June, 2000

To : All Licensed Commercial Banks.

REPORT ON FOREIGN EXCHANGE POSITIONS

All licensed commercial banks are hereby required to report immediately their total gross foreign assets and liabilities positions, inclusive of balances in suspense accounts and nostrum accounts, separately in all foreign currencies held with the head office in Colombo and with all branches as at the close of business on 19th June, 2000, to the Chief Accountant (Fax Nos. 346284, 346282) of the Central Bank.

Y. M. W. B. Weerasekara
Chief Accountant

A. S. Jayawardena
Governor

5th July, 2000

To : All Commercial Banks

JAPAN/SRI LANKA SPECIAL GRANT OF YEN 35,553,000/-
(26TH DEBT RELIEF GRANT)

1. Commercial Banks are hereby requested to follow the procedure set out in these instructions in dealing with imports under a grant extended by the Government of Japan to the Government of the Democratic Socialist Republic of Sri Lanka for financing imports from selected countries. Allocations for imports under this grant will be issued by the Director General of External Resources.

2. A commercial bank may establish an irrevocable Letter of Credit under this facility in favour of a supplier through its correspondent in the Supplier's country, when a holder of an allocation, makes an application with a copy of his contract with his supplier and a letter of authority issued by the Director General of External Resources for this purpose. Every such Letter of Credit should carry immediately after the opening bank's identification number, a serial number prefixed with "1st Yen Grant 2000".

3. Each Letter of Credit should specify that the negotiating bank should obtain reimbursement from Bank of Tokyo - Mitsubishi Ltd., Global Service Banking Division, Tokyo, Japan, by debit to Yen Ordinary Deposit Account No. 3082399 of the Government of the Democratic Socialist Republic of Sri Lanka. The request for reimbursement should accompany a certificate from the negotiating bank indicating that the documents conform to the terms of the Letter of Credit and that the documents have been forwarded to the credit opening bank. The credit opening bank should forward two copies of each Letter of Credit immediately after such credit is established, to the Chief Accountant, Central Bank of Sri Lanka, who will then issue the reimbursement authorization in respect of the credit to Bank of Tokyo - Mitsubishi Ltd., Tokyo, Japan without which, the negotiating bank would not be reimbursed.

4. On receipt of documents from negotiating banks, credit opening banks should release them to the importer only after collection of the Sri Lanka Rupee equivalent of the value of the documents. Commercial banks should ensure that the full value of the documents is received before releasing such documents to the importer. Payments should be made by the importer within 10 days of advice of the receipt of documents by the bank concerned.

5. Failure to pay the full value of documents within the stipulated period of 10 days by the importer would result in his having to pay interest at 3 per cent p.a. above the Bank Rate from the date of advice of the receipt of documents by the bank up to the date of retirement of the bill by the importer.

6. When making payments to the Government Counterpart Fund Account with the Central Bank of Sri Lanka of the Rupee value of documents collected from the importer, the commercial bank should give the following information, quoting reference to this Operating Instructions :-

- (a) Name and address of the importer
- (b) Letter of Credit Number
- (c) The name of the exporter
- (d) Yen equivalent (should be indicated if the value of documents is expressed in any other convertible currency)

- (e) Exchange rate applied (including the Japanese Yen Rate *vis-a-vis* the currency in which the L/C has been opened)
- (f) Date of receipt of documents
- (g) Date of advice to the importer
- (h) Date of payment by the importer

7. Commercial banks also should ensure when making payments to the Central Bank of Sri Lanka that they attach a copy of each of the following documents relating to the shipment in respect of which the payment is made :-

- (i) Invoice
- (i) Bill of Lading/Airway Bill
- (iii) Documents evidencing the date and amount of payment made to the supplier.

Y. M. W. B. Weerasekara
Chief Accountant

- c.c. 1. Director General of External Resources
Dept. of External Resources
Secretariat
Colombo 1.
2. Controller of Exchange

11th July, 2000

To : All Licensed Commercial Banks

INDIA / SRI LANKA CREDIT AGREEMENT – SECOND TRANCHE OF US \$ 15 MILLION
– PAYMENT PROCEDURE FOR IMPORTS

All licensed commercial banks are hereby informed that the Government of India has extended the terminal date for contracting and opening of Letters of Credit under the Indian Line of Credit upto 30.11.2000 and the date of disbursement upto 30.11.2001 in respect of import of capital goods from India.

2. Other terms and conditions of our Operating Instruction No. BD/07/96 dated 14th October, 1996 remain unchanged.

Y. M. W. B. Weerasekara
Chief Accountant

CC: 1. Controller of Exchange
2. Director General
Dept. of External Resources

Banking Department
Central Bank of Sri Lanka
P.O. Box 590
Janadhipathi Mawatha
Colombo 1.

26th July, 2000

To : All Licensed Commercial Banks and Primary Dealers

OPEN MARKET OPERATIONS OF THE CENTRAL BANK OF SRI LANKA (CBSL)
REVISED GUIDELINES ON REPURCHASE (RP) AND
REVERSE REPURCHASE (RRP) FACILITIES

Licensed commercial banks and Primary Dealers are hereby informed that the maturity period of the Repurchase (RP) and Reverse Repurchase (RRP) Facility of the Central Bank of Sri Lanka have been changed to a maximum of seven days with effect from 26.07.2000. The revised guidelines with regard to these facilities are given in Annexures I – III.

Y. M. W. B. Weerasekara
Chief Accountant

ANNEXURE I

Open Market Operations of the Central Bank of Sri Lanka (CBSL)
Revised Guidelines on Repurchase (RP) and Reverse Repurchase (RRP) Facilities

(a) Re-purchase Facility (RP)

- (i) Licensed commercial banks and Primary Dealers in government securities hereinafter referred to as the Participating Institutions (PIs) are eligible to participate at the RP facility of the CBSL.
- (ii) The RP will be available from overnight up to seven days.
- (iii) On assessment of the level of liquidity in the market, the Open Market Operations Committee (OMOC) of the CBSL will decide on the RP rate and will announce it on the Reuters Screen at 9.30 a.m. on daily basis.
- (iv) The PIs who want to use the RP facility are required to inform the OMO Division of the Banking Department by telephone or fax about the deal with amount and tenor of the RP and confirm the deal in writing within 30 minutes, but no later than 2.30 p.m., the same day.
- (v) OMO Division will then prepare and fax the RP agreement to the respective PI. The PI should fax/return duly signed completed agreement to the OMO Division of the Banking Department no later than 3.00 p.m., the same day.
- (vi) On completion of the RP agreement (Annexure II), the relevant accounts of the PI with the Central Bank will be debited with the sales value of the underlying security i.e. Treasury bill/s.
- (vii) The sales value of a Treasury bill/s under RP will be calculated by discounting the relevant Treasury bill/s for the tenor of the repo by the relevant repo rate.
- (viii) The relevant accounts will be credited with the buy-back value, which consists of sales value, plus the interest component for the tenor of the Agreement at the maturity of the RP.
- (ix) The underlying Treasury bill will not be physically delivered to the investor but will be kept in safe custody with the Central Bank.
- (x) A specimen of the proposed Agreement to be used by the Central Bank for RP with PIs is given at Annexure II.

(b) Reverse Re-purchase Facility (RRP)

- (i) Licensed commercial banks and Primary Dealers in government securities hereinafter referred to as the Participating Institutions (PIs) are eligible to participate at the RRP facility of the CBSL.
- (ii) The RRP will be available from overnight up to seven days.
- (iii) Under the RRP, the CBSL will purchase Treasury bill/bond/s from PIs at a discounted price with an agreement to sell back on an agreed date at an agreed price.
- (iv) The PIs who want to use the RRP facility are requested to inform the OMO Division of the Banking Department by telephone or fax about the deal with amount and tenor of the RRP and confirm the deal in writing by fax or letter within 30 minutes of the deal.
- (v) Immediately after the confirmation of the deal, but no later than 2.30 p.m. the same day, the PI is required to deliver to the CBSL the relevant Treasury bill/bond/s, against which RRP is requested, duly endorsed in favour of the CBSL. Those PIs who wish to keep the underlying Treasury bill/bond/s with sufficient face value to cover the transactions, in custody with the CBSL, can do so with necessary endorsements thereon. The PI can collect Treasury bill/bond/s from the CBSL on maturity of the RRP.
- (vi) The CBSL will fax the RRP agreement prescribed for this purpose duly signed, to the PI after receiving the underlying Treasury bill/bond/s from them indicating the buy and sell back prices agreed upon and the amount that will be credited and debited to their accounts, on the dealing date and the maturity date of the Agreement, respectively.
- (vii) PIs are requested to fax or hand-deliver the Agreement properly signed by the authorized signatories to the OMO Division of the Banking Department of the CBSL by 3.00 p.m. the same day. The names of the officers who have been authorized for this purpose and their signatures should be registered by all PIs with the OMO Division of the Banking Department before participation under RRP.
- (viii) The transaction under RRP will be effective only after the receipt of relevant Treasury bills and the Agreement, referred to above.
- (ix) The accounts of successful PIs with the CBSL will be credited with the purchase value of the underlying Treasury bill/bond/s subject to (vii) above.
- (x) The purchase value of the underlying Treasury bill/bond/s will be calculated by discounting the bill/bond/s for the number of days to its maturity at the relevant current Primary Market Weighted Average Yield Rate (PMWAYR) for Treasury bill/bond/s adjusted by a margin which will be decided by the OMOC of the CBSL.
- (xi) On maturity of the Agreement, the relevant accounts will be debited with the sell back value which consists of the purchase value plus the interest component which is calculated at the rate as determined by the OMOC.
- (xii) A specimen of the proposed Agreement to be used by the CBSL for RRP with PIs is given at Annexure III.

ANNEXURE II

Tel. No. 477044, 422094
Telex No. : 421192, 422094

Open Market Operations Division
Banking Department
Central Bank of Sri Lanka

Repurchase Agreement
Agreement No.

We hereby confirm having sold to you, Government of Sri Lanka Treasury Bills (TBs) under a Re-purchase Agreement as per details given below :-

- 1. Treasury Bill No. :
- 2. Maturity Date :
- 3. Face Value of TBs (Mn.) :
- 4. Agreed Sum for Re-purchase :
- 5. Date of Sale (Value Date) :
- 6. Date of Re-purchase :
- 7. Tenor (No. of Days) :
- 8. Rate (Yield), % *per annum* :
- 9. Price (Rs. per Rs. 100/-) :
- 10. Discounted Value :
- 11. Settlement :

The above Treasury Bill will be held in our custody on your behalf during the tenor of agreement.

Authorised Signature
(Central Bank)

We agree

Authorised Signature
(Primary Dealer)

Seal

Seal

Attn. :

Fax No. :

ANNEXURE III

Open Market Operations Division
Banking Department
Central Bank of Sri Lanka
P. O. Box 590
Colombo 1.

We hereby confirm having purchased from you, Government of Sri Lanka Treasury bill(s)/bond(s) under an agreement to sell back as per details given below :-

1. T' bill/bond No.	Bond Series*	Maturity	Purchase Price	Quantum Offered for Sale (Face Value) Rs.	Purchase Value (Rs.)

Total				_____	

Amount Requested

2. **Sell Back Date (Maturity Date)**
3. **Tenor (No. of days)**
4. **Interest Rate (%)**
5. **Sell Back Value**
6. **Settlement**

xi

.....
Authorised Signature
(Central Bank)

.....
Authorised Signature
(Central Bank)

We agree

.....
Authorised Signature
(Primary Dealer/Commercial bank)

.....
Authorised Signature
(Primary Dealer/Commercial bank)

Seal

Seal

Attn. :

Fax No. :

Please confirm by fax today before 1400 hrs.
* Where applicable

Banking Department
Central Bank of Sri Lanka
P.O. Box 590
Janadhipathi Mawatha
Colombo 1.

1st August, 2000

To : All Licensed Commercial Banks

RESERVE REQUIREMENTS

Your attention is invited to the notification made by the Monetary Board of the Central Bank of Sri Lanka under Sections 10(c) , 93, 94, 96 and 97 of the Monetary Law Act (Chapter 422 of Ceylon Legislative Enactments) and published in the *Gazette Extraordinary* of the Democratic Socialist Republic of Sri Lanka No. 1143/12 of 1st August, 2000.

2. Licensed commercial banks are hereby informed that in accordance with the said notification they should maintain reserves against Deposit Liabilities denominated in Sri Lanka currency at an amount equal to 11 *per centum* of the total of such deposit liabilities.

3. Licensed commercial banks are not required to maintain reserves against deposit liabilities denominated in foreign currency arising out of monies accepted by way of deposits in foreign currency.

4. The above amendments take effect from 4th August, 2000. All other instructions in respect of deposit liabilities denominated in Sri Lanka rupees contained in our Operating Instruction No. BD/03/94 of 11th February 1994, as amended by Operating Instruction No. BD/01/97 of 16th January 1997, will continue to apply.

Y. M. W. B. Weerasekara
Chief Accountant

Banking Department
Central Bank of Sri Lanka
P.O. Box 590
Janadhipathi Mawatha
Colombo 1.

7th August, 2000

To : All Licensed Commercial Banks

WEEKLY REPORT ON FOREIGN CURRENCY DEPOSIT LIABILITIES

Licensed commercial banks are hereby requested to submit with effect from 11th August, 2000 a weekly report on the total deposit liabilities denominated in foreign currencies converted into US dollar as at the close of business on Wednesday is a bank holiday, on the working day last preceding it, each week.

The Banking Department will intimate to all licensed commercial banks on every Wednesday, the US dollar cross rates that shall be applied for conversion of various foreign currencies into US dollar for the above purpose.

The above weekly report should reach the Chief Accountant, Banking Department of the Central Bank of Sri Lanka not later than 12.00 noon of Friday or last working day of each week.

The above information is required for the purpose of monitoring the external reserves position of the country and implementation of monetary and exchange rate policies more effectively.

Y. M. W. B. Weerasekara
Chief Accountant

2nd October, 2000

The Manager,
Bank of Ceylon,
Metropolitan Branch,
Colombo 1.

Dear Sir,

IDA CR. NO. 14 CE – ENVIRONMENT ACTION 1 PROJECT

The following procedure should be observed in respect of imports under the captioned loan granted to Sri Lanka by the International Development Association (IDA) of the World Bank.

1. Imports shall be against confirmed irrevocable without recourse Letters of Credit established by your bank on behalf of Project Director, Environment Action 1 Project, Ministry of Forestry and Environment, No. 104 A, Kitulwatta Road, Colombo 8.

2. Your bank's authority for opening Letters of Credit will be the letters of allocation issued by the Director General of External Resources under the title "IDA Cr. 14 CE - Environment Action 1 Project".

3. Every Letter of Credit opened by your bank, unless otherwise advised by me, should provide that the negotiating bank will be reimbursed by IDA and that the Letter of Credit will become operative only when IDA issues its special commitment in favour of the negotiating bank.

4. Applications for Special Commitment to IDA should be made by your customer on Form 1931 (extract attached) supported by the following documents:

- (a) a copy of the contract or purchase order related to the payment to be made; and
- (b) two copies of the Letter of Credit your bank proposes to issue.

5. The negotiating bank should be advised to furnish copies of all amendments made to each Letter of Credit to IDA which will provide its written approval for amendments involving:

- (a) the value of the Letter of Credit ;
- (b) the description or quantity of goods ;
- (c) the beneficiary; and
- (d) any extension of the expiry date of the Letter of Credit more than six months beyond the original date or beyond the date quoted in the special commitment issued by IDA.

No other amendments require IDA's prior approval.

6. Since the captioned line of credit is denominated in Special Drawing Rights (SDR), the IDA will specify the SDR commitment in its special commitment letters to the negotiating bank in respect of Letters of Credit expressed in another currency. If due to this limitation of its commitment, IDA does not reimburse the full amount of the foreign currency to your correspondent bank abroad as specified in the Letter of Credit, you may remit the balance due to the negotiating bank in accordance with the instructions issued to you in this regard by the Controller of Exchange.

7. Importers under this credit are not required to pay the Sri Lanka rupee value of the shipping documents involved to the Government's Counterpart Fund Account. You may therefore release such

documents to your customers no sooner they are received by your bank after recovering commissions, charges *etc.*, if any, due to your bank or to the negotiating bank.

8. Copies of Letters of Credit and amendments, if any should be forwarded to the Chief Accountant, Central Bank of Sri Lanka, Colombo, for information.

9. Controller of Exchange will advise you separately of his requirements in this connection.

Y. M. W. B. Weerasekara
Chief Accountant

CC: 1. Controller of Exchange
2. Project Director
Environment Action 1 Project,
Ministry of Forestry & Environment
No. 104 A, Kitulwatte Road
Colombo 8.

Circular No. : 4651

Banking Department
Central Bank of Sri Lanka
P.O. Box 590
Janadhipathi Mawatha
Colombo 1.

2nd October, 2000

To : All Licensed Commercial Banks

CENTRAL BANK'S RATE OF INTEREST ON ADVANCES

Licensed commercial banks are hereby informed that with effect from 2nd October 2000, the rate of interest on advances by the Central Bank to licensed commercial banks secured by the pledge of –

- (a) Government and Government guaranteed securities ; and
 - (b) Usance Promissory Notes relating to commercial and production loans
- will be eighteen (18) *per centum per annum*.

Y. M. W. B. Weerasekara
Chief Accountant

A. S. Jayawardena
Governor

24th October, 2000

To : All Commercial Banks

ASIAN CLEARING UNION

Further to our Operating Instructions No. BD/09/95 dated 14th December, 1995.

We write to inform you that the Royal Monetary Authority of Bhutan has joined the Asian Clearing Union (ACU) by signing the agreement at the 29th Meeting of the Board of Directors of the ACU held in Dhaka on 20th May, 2000. You are hereby requested to settle all payments relating to trade and other permissible transactions with Bhutan through the ACU mechanism with immediate effect.

Y. M. W. B. Weerasekara
Chief Accountant

Circular No. : 4664

Banking Department
Central Bank of Sri Lanka
P.O. Box 590
Janadhipathi Mawatha
Colombo 1.

8th November, 2000

To : All Licensed Commercial Banks

CENTRAL BANK'S RATE OF INTEREST ON ADVANCES

Licensed commercial banks are hereby informed that with effect from 8th November 2000, the rate of interest on advances by the Central Bank to licensed commercial banks secured by the pledge of –

- (a) Government and Government guaranteed securities ; and
 - (b) Usance Promissory Notes relating to commercial and production loans
- will be twenty (20) *per centum per annum*.

Y. M. W. B. Weerasekara
Chief Accountant

A. S. Jayawardena
Governor

Circular No. : 4665

Banking Department

15th November, 2000

To : Treasury Managers of All Licensed Commercial Banks

DAILY INTER-BANK FOREIGN EXCHANGE TRANSACTIONS REPORT

Further to our Circular No. BD/FX/LIBT/90 dated 30.7.1990, please be good enough to report all your inter-bank FOREX transactions carried out until 4.00 p.m. each day to this department immediately after 4.00 p.m. the same day on fax no. 346282/346284 with effect from 15.11.2000. Transactions done after 4.00 p.m. must also be reported on the same day as usual.

Your co-operation in providing this information on time is very much appreciated.

Y. M. W. B. Weerasekara
Chief Accountant

Circular No. : 4669

Banking Department
Central Bank of Sri Lanka
P.O. Box 590
Janadhipathi Mawatha
Colombo 1.

21st November, 2000

To : All Licensed Commercial Banks

CENTRAL BANK'S RATE OF INTEREST ON ADVANCES

Licensed commercial banks are hereby informed that with effect from 21st November 2000, the rate of interest on advances by the Central Bank to licensed commercial banks secured by the pledge of –

- (a) Government and Government guaranteed securities ; and
 - (b) Usance Promissory Notes relating to commercial and production loans
- will be twenty five (25) *per centum per annum*.

Y. M. W. B. Weerasekara
Chief Accountant

A. S. Jayawardena
Governor

Central Bank Rates for the Purchase of Foreign Currency Notes from Commercial Banks

Sri Lanka Rupees

IXX

Effective Date	Circular No.	Australian Dollar (per \$)	Austrian Schilling (per 10 Sch.)	Bahrain Dinar (per Dinar)	Belgian Franc (per 10 Fr.)	Canadian Dollar (per \$)	Danish Kroner (per 10 Kr.)	Deutch Mark (per DM)	Finland Markka (per 10 Markka)	French Franc (per 10 Ffr.)	Hong Kong Dollar (per 10 HK \$)	Italian Lira (per 1,000 Lira)	Japanese Yen (per 100 Yen)	Kuwait Dinar (per Dinar)	Netherland Guilder (per Guilder)	Norwegian Kroner (per 10 Kr.)	Omani Riyal (per Riyal)	Saudi Arabian Riyal (per Riyal)	Singapore Dollar (per \$)	Swedish Kroner (per 10 Kr.)	Swiss Franc (per Sw. Fr.)	U. A. E. Dirham (per Dirham)	U.K. Pound (per £)	U.S. Dollar (per US \$)
04.01.2000	4573	45.95	51.30	184.70	17.50	48.20	94.80	36.10	115.55	107.65	89.55	36.45	68.30	222.70	32.05	87.35	176.10	18.55	41.90	82.35	43.95	18.95	112.75	70.30
11.01.2000	4575	45.80	52.20	185.20	17.80	47.95	96.45	36.70	117.55	109.50	89.75	37.10	68.55	223.30	32.60	87.55	176.60	18.60	42.10	82.95	44.65	19.00	114.45	70.45
18.01.2000	4577	46.50	51.50	185.55	17.55	48.20	95.20	36.25	116.00	108.05	89.90	36.60	66.45	223.70	32.15	87.80	176.90	18.65	41.85	82.60	43.90	19.05	114.40	70.60
25.01.2000	4579	46.10	51.10	185.65	17.40	48.50	94.75	35.95	115.05	107.15	89.95	36.30	66.80	223.80	31.90	87.05	177.00	18.65	41.55	81.90	43.60	19.05	115.30	70.65
01.02.2000	4581	44.75	49.95	186.15	17.05	48.60	92.30	35.15	112.50	104.80	90.20	35.50	65.65	224.45	31.20	85.00	177.45	18.70	41.10	79.60	42.70	19.10	113.85	70.80
08.02.2000	4583	44.90	50.10	186.35	17.10	48.80	93.40	35.25	112.85	105.10	90.25	35.60	65.40	223.25	31.30	85.65	177.65	18.75	41.40	82.00	42.90	19.15	111.80	70.90
15.02.2000	4585	44.40	50.40	186.60	17.20	48.45	93.10	35.45	113.50	105.70	90.40	35.80	64.70	223.50	31.45	86.10	177.85	18.75	41.55	82.00	43.20	19.15	112.05	71.00
22.02.2000	4587	44.25	50.45	186.85	17.20	48.55	93.20	35.50	113.60	105.80	90.50	35.85	63.65	224.00	31.50	85.25	178.15	18.80	41.30	81.30	43.30	19.20	112.65	71.10
29.02.2000	4589	43.35	49.75	187.05	16.95	48.65	93.85	35.00	112.05	104.35	90.60	35.35	64.35	224.50	31.05	85.40	178.35	18.80	41.30	81.45	42.55	19.20	112.10	71.15
07.03.2000	4591	42.45	49.15	187.25	16.75	48.60	91.45	34.60	110.70	103.10	90.70	34.95	65.70	223.90	30.70	84.40	178.50	18.80	40.95	80.25	42.10	19.25	111.65	71.25
14.03.2000	4593	43.20	49.40	187.15	16.85	48.40	90.45	34.75	111.25	103.65	90.65	35.10	66.55	223.80	30.85	84.15	178.40	18.80	41.40	80.90	42.25	19.20	111.25	71.20
20.03.2000	4595	42.80	49.85	187.25	17.00	48.00	92.10	35.10	112.30	104.60	90.65	35.45	66.25	223.90	31.15	84.30	178.50	18.80	41.10	81.60	42.60	19.25	111.05	71.25
28.03.2000	4597	43.15	50.20	187.40	17.10	48.30	92.40	35.30	113.05	105.30	90.75	35.65	66.05	224.10	31.35	84.60	178.65	18.85	41.15	81.95	43.45	19.25	112.50	71.30
04.04.2000	4599	42.90	49.00	187.45	16.70	48.80	91.00	34.45	110.35	102.80	90.75	34.80	67.35	224.65	30.60	83.95	178.70	18.85	41.25	81.70	42.35	19.25	112.45	71.30
11.04.2000	4601	42.25	49.10	187.70	16.75	48.50	90.75	34.55	110.60	103.05	90.85	34.90	66.80	225.15	30.65	83.25	178.95	18.85	41.20	81.65	43.05	19.25	111.75	71.40
19.04.2000	4603	42.60	49.60	187.65	16.90	47.90	90.55	34.90	111.70	104.05	90.80	35.25	67.50	225.05	30.95	82.85	179.90	18.85	41.40	81.95	43.50	19.25	112.35	71.40
25.04.2000	4605	42.00	48.30	187.95	16.45	48.10	89.10	33.95	108.70	101.30	90.95	34.30	66.85	225.45	30.15	81.60	179.20	18.90	41.70	80.60	42.25	19.30	111.65	71.50
02.05.2000	4607	41.70	47.00	188.30	16.00	48.00	87.80	33.05	105.80	98.55	91.15	33.40	66.60	224.85	29.35	80.40	179.50	18.95	41.65	79.85	41.10	19.35	111.70	71.65
08.05.2000	4609	42.35	46.60	188.70	15.90	47.70	86.00	32.80	104.95	97.75	91.30	33.10	65.30	224.90	29.10	78.70	179.90	18.95	41.25	78.50	41.30	19.40	108.90	71.80
16.05.2000	4611	41.45	47.50	189.10	16.20	47.95	86.30	33.45	107.00	99.65	91.50	33.75	65.60	225.10	29.65	78.30	180.30	19.00	41.25	77.85	42.05	19.40	108.20	71.95
23.05.2000	4613	40.80	46.55	189.40	15.90	47.70	85.90	32.75	104.80	97.65	91.65	33.10	66.75	225.45	29.05	78.40	180.60	19.05	41.40	78.00	41.25	19.45	106.00	72.05
30.05.2000	4615	41.05	48.40	189.50	16.50	47.55	87.40	34.05	108.95	101.50	91.70	34.40	66.80	225.80	30.20	78.90	180.70	19.05	41.25	78.25	42.50	19.45	106.50	72.10
06.06.2000	4617	41.45	49.20	190.05	16.75	48.45	89.40	34.60	110.75	103.15	91.95	34.95	66.35	227.15	30.70	80.30	181.20	19.10	41.65	80.10	42.95	19.50	108.25	72.30
13.06.2000	4619	42.25	49.65	190.75	16.95	48.80	91.45	34.95	111.80	104.15	92.25	35.30	67.20	228.65	31.00	82.20	181.85	19.15	41.70	82.10	43.65	19.60	108.25	72.55
20.06.2000	4621	45.30	52.10	198.70	17.80	51.05	97.00	36.65	117.40	109.35	96.10	37.05	70.95	238.25	32.55	87.35	189.45	19.95	43.20	86.65	46.00	20.40	113.20	75.60
27.06.2000	4623	44.50	51.00	198.70	17.40	50.50	94.10	35.85	114.80	106.95	96.15	36.25	71.60	238.25	31.85	85.85	189.45	19.95	43.25	84.65	45.25	20.40	112.50	75.60
04.07.2000	4625	44.90	51.95	198.70	17.70	50.60	95.75	36.55	116.95	108.95	96.10	36.90	70.65	237.90	32.45	87.30	189.45	19.95	43.30	85.05	45.85	20.40	113.70	75.60
10.07.2000	4627	44.30	51.60	198.70	17.60	50.55	95.30	36.30	116.25	108.30	96.10	36.70	69.65	238.10	32.25	87.25	189.45	19.95	43.15	84.10	46.05	20.40	113.40	75.60
18.07.2000	4629	43.70	51.05	198.70	17.40	50.45	94.20	35.90	114.90	107.05	96.05	36.25	69.35	237.50	31.85	86.15	189.45	19.95	42.90	84.25	45.35	20.40	112.25	75.60
25.07.2000	4631	44.05	51.00	198.70	17.40	50.90	94.20	35.85	114.85	106.95	96.05	36.25	68.80	237.15	31.85	85.65	189.45	19.95	42.85	83.45	45.15	20.40	113.75	75.60
01.08.2000	4633	43.70	50.30	198.70	17.15	50.65	93.60	35.40	113.25	105.50	96.05	35.75	68.45	237.15	31.40	85.00	189.45	19.95	43.25	82.25	44.70	20.40	112.60	75.60
08.08.2000	4635	43.95	49.45	198.70	16.85	50.30	91.25	34.80	111.35	103.70	96.05	35.15	68.95	237.05	30.85	84.15	189.35	19.95	43.45	82.80	43.90	20.40	112.60	75.60
15.08.2000	4637	43.65	49.35	198.70	16.85	50.45	91.05	34.70	111.10	103.50	96.05	35.05	68.45	236.70	30.80	84.20	189.35	19.95	43.60	81.60	43.60	20.40	112.75	75.60
22.08.2000	4639	44.25	49.40	198.70	16.85	50.75	92.00	34.75	111.20	103.60	96.05	35.10	69.15	236.70	30.85	84.95	189.35	19.95	43.60	81.45	43.55	20.40	111.65	75.60
29.08.2000	4641	42.95	49.15	198.70	16.75	50.45	90.65	34.55	110.65	103.05	96.05	34.90	70.25	236.55	30.70	83.60	189.35	19.95	43.60	80.50	43.80	20.40	110.20	75.60
05.09.2000	4642	43.30	49.05	198.70	16.70	50.85	90.45	34.50	110.40	102.85	96.05	34.85	70.70	236.90	30.60	83.40	189.35	19.95	43.50	80.50	43.45	20.40	109.60	75.60
12.09.2000	4645	41.80	47.15	198.70	16.10	50.70	89.15	33.20	106.20	98.90	96.05	33.50	70.60	236.90	29.45	82.50	189.35	19.95	43.15	79.10	41.95	20.40	106.05	75.60
19.09.2000	4647	40.75	46.50	198.70	15.85	50.50	85.65	32.70	104.65	97.50	96.05	33.05	69.90	236.15	29.00	79.85	189.35	19.95	42.90	76.25	42.00	20.40	104.75	75.60
26.09.2000	4649	41.00	47.95	202.40	16.35	50.35	86.35	33.75	107.95	100.55	96.05	34.05	69.35	236.15	29.95	80.40	189.35	19.95	42.90	76.55	43.35	20.40	109.20	75.60
03.10.2000	4652	40.70	48.05	203.55	16.40	49.80	88.65	33.80	108.25	100.85	96.05	34.15	69.20	237.40	30.00	82.60	189.35	19.95	43.05	77.55	43.40	20.40	110.45	75.60
10.10.2000	4654	40.00	47.35	203.55	16.15	49.80	87.35	33.30	106.60	99.30	96.10	33.65	68.70	237.55	29.55	81.10	189.35	19.95	42.80	76.15	42.85	20.40	108.45	75.60
17.10.2000	4656	39.45	46.55	203.55	15.90	49.70	86.75	32.75	104.85	97.65	96.05	33.10	69.55	237.55	29.05	80.45	189.35	19.95	42.75	75.30	42.40	20.40	108.85	75.60
24.10.2000	4658	39.60	45.75	203.55	15.60	49.55	85.20	32.20	103.00	95.95	96.05	32.50	68.75	236.50	28.55	79.20	189.35	19.95	42.65	74.75	41.90	20.40	109.00	75.60
31.10.2000	4660	39.00	45.70	203.55	15.60	49.00	83.50	32.15	102.90	95.85	96.05	32.45	68.90	236.00	28.55	78.35	189.35	19.95	42.70	72.70	41.50	20.40	108.95	75.60
07.11.2000	4662	39.55	47.20	199.25	16.10	49.05	87.25	33.20	106.35	99.05	96.35	33.55	70.15	237.35	29.50	81.65	189.90	20.05	43.45	76.05	42.70	20.4		

BANKING ACT NO. 30 OF 1988

Determination made by the Monetary Board of the Central Bank of Sri Lanka under Section 19(4) of the Banking Act, No. 30 of 1988.

Sgd. A. S. Jayawardena

Governor

Central Bank of Sri Lanka

Colombo

29th February, 2000.

DETERMINATION

1. In exercise of the powers conferred by section 19(4) of the Banking Act, No. 30 of 1988, the Monetary Board hereby determines that, with effect from 14th February, 2000 the foreign participation in the capital of a licensed commercial bank incorporated or established in Sri Lanka shall not exceed 60 *per centum* of its total share capital.

2. The determination made by the Monetary Board under section 19(4) of the Banking Act, No. 30 of 1988 and in force immediately prior to 14th February, 2000 shall, with effect from that date, cease to be in force.

**Banking Act, No. 30 of 1988 as Last Amended by
Banking (Amendment) Act, No. 33 of 1995**

Banking (Off-shore Banking Scheme) Order, 2000

In exercise of the powers conferred by Sections 23, 25 and 26 of the Banking Act, the Monetary Board has, with the approval of the Minister, made the following Order relating to off-shore banking business carried on by licensed commercial banks.

Sgd. A. S. Jayawardena

Governor

Central Bank of Sri Lanka

Colombo
7th April, 2000

Banking (Off-shore Banking Scheme) Order, 2000

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|---|--|
| Citation. | 1. This Order may be cited as the Banking (Off-shore Banking Scheme) Order, 2000. |
| Authorised
Businesses. | 2. (1) An off-shore unit may, subject to this Order and to any other written law, carry on all or any of the businesses specified in paragraphs (a) to (e) of Section 25 of the Act.

(2) In accepting any contingent liability under Section 25(c) of the Act, an off-shore unit shall only engage in any or all of the following transactions—
(a) establish, open or advise letters of credit expressed in any designated foreign currency;
(b) issue or renew guarantees, indemnities or similar undertakings expressed in any designated foreign currency;
(c) acceptances expressed in any designated foreign currency. |
| Withdrawal of
funds. | 3. Funds of an account maintained with an off-shore unit shall not be withdrawable by cheque. |
| Authorised
Business with
Residents. | 4. (1) An off-shore unit may, subject to this Order and any other written law, engage in off-shore banking business specified in paragraph 2 with any one or more of the following residents—
(a) the Central Bank of Sri Lanka;
(b) a licensed commercial bank;
(c) subject to sub paragraph (3), a BOI enterprise;
(d) any other resident approved by the Monetary Board in the interest of national economy, subject to such conditions as the Monetary Board may impose.

(2) Without prejudice to the rights conferred under this Order on a resident specified in subparagraph (1), an off-shore unit may, subject to any other written law, grant loans in any designated foreign currency to any resident, being an exporter of goods and services |

from Sri Lanka or to any resident, being a supplier of accessories to such exporter as may be approved by the Monetary Board and may discount export bills expressed in any designated foreign currency for such an exporter.

- (3) An off-shore unit shall not grant a loan in foreign currency to a BOI enterprise unless the off-shore unit is satisfied that the BOI enterprise has the capacity to repay the loan in foreign currency.

Permitted deposits in an account of a non-resident.

5. An account maintained by a non-resident in an off-shore unit shall only be credited with funds received on inward remittances in any designated foreign currency.

Assets and liabilities of an off-shore unit.

6. The total assets and liabilities of an off-shore unit shall not exceed such amount as may be determined by the Monetary Board.

Particulars of executive officers and undertaking.

7. A licensed commercial bank shall-

- (a) prior to commencement of off-shore banking business, furnish to the Director of Bank Supervision the names, qualifications and banking experience of all executive officers of the off-shore unit of the bank and notify forthwith any changes, if any, in such particulars thereafter; and
- (b) in the case of a commercial bank incorporated outside Sri Lanka, furnish the Director of Bank Supervision, if required by the Monetary Board, a written undertaking from its Head Office stating that such bank shall provide such funds in such designated foreign currency as may be necessary to meet all obligations and liabilities incurred in carrying on of its off-shore banking business.

Books etc. off-shore units.

8. Books, other documents and records maintained by the off-shore unit of a licensed commercial bank shall be kept separate from other books, documents and records maintained by the bank and the off-shore unit shall, if so required by the Monetary Board, furnish the Central Bank information from such books, documents and records maintained by the off-shore unit.

9. In this Order-

Interpretation.

“BOI Enterprise” means a company with which an agreement has been entered into by the Board of Investment of Sri Lanka under Section 17 of the Board of Investment of Sri Lanka, Law No. 4 of 1978 and which has been granted approval to transact business with any off-shore unit;

“designated foreign currency” means the foreign currency set out in the Schedule to this Order;

“off-shore unit” means an off-shore unit of a licensed commercial bank carrying on off-shore banking business of the bank under this Act and includes any unit which carried on off-shore banking operations under the “Foreign Currency Banking Scheme” established by the Monetary Board;

“resident” and “non-resident” shall have the same meaning assigned to them in Section 86 of the Banking Act, No. 30 of 1988.

SCHEDULE

Designated Foreign Currencies

1. Australian Dollar	4. Deutsche Mark	7. Hongkong Dollar	10. Norwegian Kroner	13. Swedish Kroner
2. Canadian Dollar	5. Euro	8. Japanese Yen	11. Pound Sterling	14. Swiss Franc
3. Danish Kroner	6. French Franc	9. Netherland Guilder	12. Singapore Dollar	15. United States Dollar

BANKING ACT NO. 30 OF 1988
AS AMENDED BY BANKING (AMENDMENT) ACT NO. 33 OF 1995

Notice

Amendment to Notice relating to maintenance of Capital Adequacy Ratio dated 22.08.1997 issued by the Monetary Board of the Central Bank of Sri Lanka and amended on 27.12.1999 under Section 19(2) and 19(7) of the Banking Act, No. 30 of 1988 as amended by Banking (Amendment) Act, No. 33 of 1995 which would come into effect on 01.01.2001.

1. Delete Paragraph 2 of the aforesaid Notice and substitute therefor the following as paragraph 2.

“For the period commencing on 01.01.2001 and ending on 31.12.2001, every Licensed Commercial Bank shall at all times, maintain a minimum Capital Adequacy Ratio of 9% in relation to its Risk Weighted Assets with Core Capital constituting not less than 4 1/2% and for the period commencing on 01.01.2002, and thereafter at all times, 10% in relation to its Risk Weighted Assets with Core Capital constituting not less than 5%, computed as per instructions given in Schedule I of the Notice issued under Section 19(7) of the Banking Act, No. 30 of 1988 and last amended by Act, No. 33 of 1995”.
2. Every reference, in Schedule I of the Notice dated 22.08.1997 and referred to in Paragraph 1 of this Notice, to the percentage of the minimum Capital Adequacy Ratio as 8% and the Core Capital ratio as 4% shall;
 - (a) for the period commencing on 01.01.2001 and ending on 31.12.2001 be amended to read as 9% and 4 1/2% respectively.
 - (b) for the period commencing on 01.01.2002 and thereafter be amended to read as 10% and 5% respectively.
3. The Notice issued on 27.12.1999 relating to the maintenance of Capital Adequacy Ratio is hereby repealed.

Sgd. A. S. Jayawardena

Governor

Central Bank of Sri Lanka

Colombo
29th November, 2000.

**BANKING ACT NO. 30 OF 1988
AS AMENDED BY BANKING (AMENDMENT) ACT NO. 33 OF 1995**

Direction

Amendment to Direction relating to maintenance of Capital Adequacy Ratio dated 21.11.1997 issued by the Monetary Board of the Central Bank of Sri Lanka and amended on 27.12.1999 under Section 76(J)(1) of the Banking Act, No. 30 of 1988 as amended by Banking (Amendment) Act, No. 33 of 1995 which would come into effect on 01.01.2001.

1. Delete Paragraph 1 of the aforesaid Direction and substitute therefor the following as paragraph 1.

“For the period commencing on 01.01.2001 and ending on 31.12.2001, every Licensed Specialised Bank shall at all times, maintain a minimum Capital Adequacy Ratio of 9% in relation to its Risk Weighted Assets with Core Capital constituting not less than 4 1/2% and for the period commencing on 01.01.2002, and thereafter at all times, 10% in relation to its Risk Weighted Assets with Core Capital constituting not less than 5%, computed as per instructions given in Schedule I of the Direction issued under Section 76(J)(1) of the Banking Act, No. 30 of 1988 and last amended by Act, No. 33 of 1995”.

2. Every reference, in Schedule I of the Direction dated 21.11.1997 and referred to in Paragraph 1 of this Direction, to the percentage of the minimum Capital Adequacy Ratio as 8% and the Core Capital ratio as 4% shall;
 - (a) for the period commencing on 01.01.2001 and ending on 31.12.2001 be amended to read as 9% and 4 1/2% respectively.
 - (b) for the period commencing on 01.01.2002 and thereafter be amended to read as 10% and 5% respectively.
3. The Direction issued on 27.12.1999 relating to the maintenance of Capital Adequacy Ratio is hereby repealed.

Sgd. A. S. Jayawardena
Governor
Central Bank of Sri Lanka

Colombo
29th November, 2000.

Department of Exchange Control
Central Bank of Sri Lanka
P.O. Box 883
Colombo 1.

11th January 2000

Operating Instructions to Authorised Dealers

Dear Sirs,

SALE AND PURCHASE OF FOREIGN EXCHANGE
SUBMISSION OF FORM 1 AND FORM 2

Further to my Operating Instructions No. EC/10/99(MU) dated 17th December 1999.

Authorised Dealers are hereby informed that indicating the Income Tax file Number of the applicant is required only in the case of sale of foreign exchange in excess of US\$ 5,000 or its equivalent in any other foreign currency.

Yours faithfully,

H. A. G. Hettiarachchi
Controller of Exchange

Department of Exchange Control
Central Bank of Sri Lanka
P.O. Box 883
Colombo 1.

03rd February, 2000

Operating Instructions to Authorised Dealers

Dear Sirs,

**MONITORING SCHEME ON FOREIGN EXCHANGE DRAWING
AGAINST INTERNATIONAL ELECTRONIC CREDIT, DEBIT
OR ANY OTHER FUND TRANSFER CARDS (EFTCS)**

Further to my operating instructions No. EC/09/99(D) of 17th December, 1999 and the subsequent discussion on the subject, Authorised Dealers are hereby informed that the reporting requirement at item 4 of the circular shall be implemented with effect from 1st July, 2000 by those who have to change their computer programmes. Until then, as agreed, those Authorised Dealers are required to report all single transactions in respect of each EFTC where the value of the transaction exceeds US\$ 3,000 or its equivalent in any foreign currency to the Monitoring Unit of the Exchange Control Department.

2. Also as agreed, in the case of an EFTC to be issued to a director/representative/employee of a company or institution, where expenses are to be debited to the account of the company or institution, the income tax file number that should be indicated in Form 3 should be that of the company or institution. In the case of applicants for EFTCs who are not income tax payers, he/she could make an endorsement to that effect in the relevant space in the application form.

3. EFTCs could also be issued to holders of NRFC, RNNFC, RFC and FCBU Accounts irrespective of their residential status provided that the expenditure incurred on such EFTCs will be debited only to above mentioned accounts.

4. The requirement to surrender cards when leaving the country does not apply to holders of NRFC, RNNFC, RFC and FCBU Accounts. Instead, prior to their departure from Sri Lanka, they should inform the bank that issued the EFTC of the date from which they would be abroad and thereafter, any expenditure they incur should be debited to the NRFC, RNNFC, RFC and FCBU Accounts.

5. In cases where foreign currency funds in the accounts mentioned above are not adequate to make the debits, no debits should be made to Rupee Accounts of the card holders without my permission. All EFTC holders must be made aware of this.

Yours faithfully,

H. A. G. Hettiarachchi
Controller of Exchange

c.c.: DGG
EDD
AG
Consultants
SG

Department of Exchange Control
Central Bank of Sri Lanka
P.O. Box 883
Colombo 1.

05th April, 2000

Operating Instructions to Authorised Dealers

Dear Sirs,

**FREIGHT FORWARDING AND THE ISSUE OF HOUSE AIRWAY BILLS/
HOUSE BILLS OF LADING/FORWARDERS CARGO RECEIPTS**

Further to my Operating Instructions No. EC/48/91(G) dated 12.07.1991 and EC/04/97(G) dated 4th March 1997 on the above subject, Authorised Dealers are hereby requested to include the following freight forwarders who are now registered with the Central Bank of Sri Lanka to the list of freight forwarders given in the Operating Instructions and accept House Airway Bills/House Bills of Lading/Forwarders Cargo Receipts issued by them for negotiation in respect of export cargo.

<u>Name of the Freight Forwarder</u>	<u>Registration No.</u>
1. drh logistics Lanka (pvt) Ltd.	06/07/009/0089
2. WSA Lines Lanka Pte. Ltd.	06/07/009/0090

Yours faithfully,

H. A. G. Hettiarachchi
Controller of Exchange

Department of Exchange Control
Central Bank of Sri Lanka
P.O. Box 883
Colombo 1.

7th April, 2000

Operating Instructions to all Licensed Commercial Banks

OFF-SHORE BANKING BUSINESS

1. Licensed commercial banks are hereby permitted to carry on, subject to these instructions, off-shore banking business in accordance with the Banking (Off-shore Banking Scheme) Order 2000 issued under the Banking Act, No. 30 of 1988 and amended by Banking (Amendment) Act, No. 33 of 1995 (hereinafter referred to as the "Order").

2. Any loan granted under paragraph 4(2) of the Order in any designated foreign currency by an off-shore unit of a licensed commercial bank to a resident, being an exporter of goods and services from Sri Lanka, other than a BOI Enterprise, or to a resident, not being a BOI Enterprise, who is a supplier of accessories to such exporter, shall be in accordance with the instructions to Authorised Dealers No. ECD/02/97 (C&F) and ECD/03/97 (C&F) dated 03.01.1997 and EC/02/98 (C&F) dated 31.07.1998 relating to foreign currency loans to direct and indirect exporters issued under the Exchange Control Act and shall not exceed such limits as may be imposed by the Central Bank of Sri Lanka and communicated to each licensed commercial bank by the Chief Accountant of the Central Bank and any reference in these operating instructions to Foreign Currency Banking Units shall be a reference to Off-Shore Units.

3. (a) An accommodation extended to a resident under paragraph 4(1) of the Order, not being an exporter or supplier of goods to such an exporter referred to in paragraph 2 of these instructions, by an off-shore unit which is authorised to engage in off-shore banking business with such resident under the Order, shall be extended solely for the operations of such resident in Sri Lanka and for no other purpose whatsoever.

(b) An accommodation granted under sub-paragraph (a) to a resident, being a licensed commercial bank or any other resident approved by the Monetary Board under paragraph 4(1)(d) of the Order, shall not exceed such amount as may be determined by the Central Bank.

4. Where under paragraph 2(2) of the Order or under paragraph 4 of that Order, an off-shore unit is authorised –

(a) to open, establish, or advise a Letter of Credit, such letter shall be opened, established or advised on behalf of a non-resident or a resident specified in paragraph 4 of the Order;

(b) to issue or renew a guarantee, indemnity or similar undertaking, such guarantee, indemnity or undertaking shall be given on behalf of a non-resident or a resident specified in paragraph 4 of the Order; and

(c) to receive an acceptance, such acceptance shall be received for a non-resident or a resident specified in paragraph 4 of the Order.

5. An off-shore unit shall, if so required by the Central Bank, furnish to the Central Bank, such statements or returns as may be deemed necessary in respect of any transactions carried on by such off-shore unit under these instructions.

6. In these instructions, the expressions "BOI Enterprise", "designated foreign currency", "off-shore unit", "resident" and "non-resident" shall have the same meaning assigned to them in paragraph 9 of the Order.

7. (a) Previous Operating Instructions and Circulars issued in relation to the Foreign Currency Banking Scheme established by the Monetary Board and specified in the Schedule hereto are hereby revoked.
- (b) All other Operating Instructions and Circulars in relation to the Foreign Currency Banking Scheme established by the Monetary Board and not revoked by sub-paragraph (a) shall continue in force and any reference in these instructions and circulars to the Foreign Currency Banking Unit shall be read and construed as if it were a reference to an Off-Shore Unit.
- (c) The revocation effected by sub-paragraph (a) shall not affect -
- (i) any offence committed or any penalty or liability incurred under those instructions and circulars prior to the revocation; and
 - (ii) any action, proceeding or thing pending or incomplete on the date of revocation, but every such action, proceeding or thing may be carried on and completed as if those instructions and circulars continue to be in force.

M. B. Dissanayake
Chief Accountant

H. A. G. Hettiarachchi
Controller of Exchange

SCHEDULE

- (1) Circular No. 380 (FCBS 1/79) dated 02.05.1979.
- (2) Circular No. 381 (FCBS 2/79) dated 17.05.1979.
- (3) (FCBS 3/79) and Operating Instructions BC 29/79 dated 28.09.1979.
- (4) (FCBS 4/79) dated 29.10.1979.
- (5) (FCBS 5/79) dated 02.11.1979.
- (6) (FCBS 6/79) – BC/F 1049/79 and Operating Instructions BD 40/79 dated 10.01.1980
- (7) (FCBS 7/80) – BC/F 1049/79 and Operating Instructions BD 18/80 dated 30.04.1980.
- (8) (FCBS 8/80) – BC/F 1049/79 and Operating Instructions BD 21/80 dated 14.05.1980.
- (9) (FCBS 9/84) – BC/F 1049/79 and Operating Instructions BD 23/84 dated 13.11.1984.
- (10) (FCBS 10/89) – BC/F 1049/79 and Operating Instructions BD 01/89 dated 31.01.1989.
- (11) Operating Instructions BD/15/93 dated 24.11.1993.

Department of Exchange Control
Central Bank of Sri Lanka
P.O. Box 883
Colombo 1.

7th April, 2000

Operating Instructions to Authorised Dealers

Dear Sirs,

FOREIGN CURRENCY LOANS TO EXPORTERS

I refer to my Operating Instructions No. ECD/02/97 (C&F) dated 3rd January 1997 whereby permission was granted to extend foreign currency loans from the Foreign Currency Banking Units (FCBUs) as well as Domestic banking Units (DBUs) of commercial banks to exporters of goods and services, who have adequate foreign currency earnings, to meet their working capital and fixed capital requirements. One of the conditions under which the permission was granted was that the Central Bank of Sri Lanka will not under any circumstances consider requests for conversion of rupee funds to effect the settlement of such loans.

2. You are hereby informed that in cases of default of foreign currency loans granted in terms of the above Operating Instructions, every endeavour should be made to sell mortgaged assets for a consideration in foreign exchange. If this method has been tried and has been unsuccessful, you may apply to me for conversion of rupee sale proceeds realised from the sale of domestic assets on enforcement of the mortgages given for such loans into foreign currency.

3. You are also required to furnish quarterly a statement of foreign currency facilities, granted to exporters of goods and services indicating the following:-

- (i) Name of the Company
- (ii) Date of granting accommodation
- (iii) Type of accommodation
- (iv) Period for which accommodation is granted
- (v) Nature of Security
- (vi) Amount
- (vii) Purpose

The Statement should be sent to the Monitoring Unit of the Exchange Control Department, Central Bank of Sri Lanka, P.O. Box 883, Equity Two Building, Janadhipathi Mawatha, Colombo 1, before the 15th day of the month immediately following the end of each quarter.

Yours faithfully,

H. A. G. Hettiarachchi
Controller of Exchange

CC. SG CA
 DG(A) DER
 DG(N) DBS
 AG Banking Consultant
 Legal Consultant

Department of Exchange Control
Central Bank of Sri Lanka
P.O. Box 883
Colombo 1.

10th May, 2000

Operating Instructions to Authorised Dealers

Dear Sirs,

SHARE INVESTMENT EXTERNAL RUPEE ACCOUNTS (SIERA)

I refer to my Operating Instructions No. EC/74/92 (C&F) dated 28.07.1992 on the above subject.

2. Authorised Dealers are hereby informed that the scheme of "Share Investment External Rupee Accounts" (SIERA) introduced by my Operating Instructions No. EC/74/92 (C&F) of 28.07.1992 is made applicable with effect from 07.03.2000 for payments for the issue and transfer of Units in Unit Trusts to Non Residents in terms of general permission granted by me in the *Extraordinary Gazette* Notice No. 1122/12 of 07.03.2000 (Annex I).

3. You are also hereby informed that the amendments introduced by me in the same *Gazette* (Annex I) to the earlier notice issued in the *Extraordinary Gazette* No. 721/4 of 29.06.1992 in respect of the issue and transfer of shares to non-residents have also become effective from 07.03.2000.

4. In terms of these amendments, the issue or transfer of shares to Non-Residents in companies providing financial services other than money lending and pawn broking, are permitted subject to limits set out in the following table:

Business	Percentage of the Issued Capital of the Company
Banking by institutions licensed under the Banking Act	60%
Insurance	90%
Stock Broking	49% or where permission is granted by the Securities and Exchange Commission of Sri Lanka 100%
Other Financial Services	49%

5. Authorised Dealers are requested to furnish to the Monitoring Unit of this Department before the 15th day after making the payment, a statement in respect of payments made for shares/Units allotted to each non-resident investor through his/her SIERA in each primary share issue/purchase of Units as in the format given in the Annex II.

6. Authorised Dealers are also requested to furnish before the 15th day of the following month, a statement of deposits and withdrawals made to each SIERA as at end of each month in the format given in the Annex III, as required in my operating instructions No. EC/74/92 (C&F) of 28.07.1992 .

7. The statements referred to in (5) and (6) above should be addressed to the Monitoring Unit of this Department quoting reference to this Circular.

Yours faithfully,

H. A. G. Hettiarachchi
Controller of Exchange

cc: DGG
EDD
AGG
Consultants
SG
DER
DBS
CA

ANNEX I

PART I : SECTION (I) GENERAL

CENTRAL BANK OF SRI LANKA NOTICES

EXCHANGE CONTROL ACT (CAP 423)

Notice Under the Exchange Control Act

PERMISSION IN TERMS OF SECTIONS 7, 10, 11, 15 AND 30(5) OF THE EXCHANGE CONTROL ACT

THE notice under the Exchange Control Act published in the Government Gazette Extraordinary No. 721/4 of 29th June 1992 is hereby amended as follows :-

1. "By the repeal of paragraph 3(b) and the substitution thereof of the following paragraphs -

"(b) The permission hereby granted shall apply in respect of the shares of a company carrying on or proposing to carry on of the businesses set out in column 1 of the table below only up to the percentage of the issued capital of the company set out in corresponding entry in the column 2 of that table, subject to the regularity limits, requirements and conditions specified in or under the relating to such businesses-

1	2
Banking by institutions licensed under the Banking Act	60%
Insurance	90%
Stock Broking	49% or where permission is granted by the Securities and Exchange Commission of Sri Lanka 100%
Other Financial Services	49%

(c) The permission hereby granted shall apply in respect of the shares of a company carrying on or proposing to carry on any of the businesses set out below only up to the percentage of the issued capital of the company for which percentage either general or special permission had been granted by the Government of Sri Lanka or any legal or administrative authority set up for the approval of foreign investment in such businesses -

- (i) Air transportation ;
- (ii) Coastal shipping ;
- (iii) Industrial undertaking specified in the second schedule of the Industrial Promotion Act, No. 46 of 1990 namely –
 - (a) Any industry manufacturing arms, ammunition, explosives, military vehicles, equipment aircraft and other military hardware ;
 - (b) Any industry manufacturing poison, narcotics, alcohol, dangerous drugs and toxic, hazardous or carcinogenic material ;
 - (c) Any industry producing currency, coins or security documents.
- (iv) Production and distribution of energy and power ;
- (v) Large scale mechanised mining of gems ;
- (vi) Lotteries.”

2. By the insertion after paragraph 4 of the following new paragraph 4A–

“4A. Permission to pay persons resident outside Sri Lanka – Permission is hereby granted under Section 7 of the Exchange Control Act, for making any payment to or for the credit of a person resident outside Sri Lanka in respect of a transaction permitted hereunder and such payment shall only be made in accordance with the provisions of paragraph 4(c).”

H. A. G. Hettiarachchi
Controller of Exchange

Colombo,
07th Day of March, 2000.

NOTICE UNDER THE EXCHANGE CONTROL ACT (CAP. 423 OF THE CLE)

PERMISSION IN TERMS OF SECTIONS 7, 10, 11, 15 AND SUB-SECTION (5) OF SECTION 30 OF THE EXCHANGE CONTROL ACT

1. (a) Subject to the conditions contained in paragraph 2, permission is hereby granted for the purposes of Sections 10, 11, 15 and Sub-section (5) of Section 30 as applicable of the Exchange Control Act (Cap. 423 of the CLE), for the issue and transfer of units in a Unit Trust operated on a licence issued under the Securities & Exchange Commission of Sri Lanka Act, No. 36 of 1987 as amended by Act, No. 26 of 1991, to persons resident outside Sri Lanka provided that the Trust Deed creating the Unit Trust and the agreement between the Trustees and the Managing Company of such Unit Trust contains a restriction that not more than 20% of the Deposited Property shall be invested in government securities ;
- (b) For the purpose of Section 7 of the Exchange Control Act, permission is hereby granted for making any payment to or for the credit of a person resident outside Sri Lanka in respect of a transaction permitted under sub-paragraph (a) and such payment shall only be made in accordance with paragraph 2(c).
2. Conditions :
 - (a) A person resident outside Sri Lanka who is a party to a transaction permitted hereunder shall make a declaration to the effect that such person is resident outside Sri Lanka on the application form for the purchase of units.
 - (b) The payment for the purchase of units in any issue or transaction permitted hereunder shall be made only out of or into a Share Investment External Rupee Account opened in a commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange in that behalf to commercial bank.
 - (c) A Managing Company, Trustee, Commercial Bank, a Licensed Broker or any other person entrusted with the payment of monies such as redemption proceeds, sale proceeds, monies or commissions in respect of any transaction permitted hereunder shall make such payments only into or out of a Share Investment External Rupee Account referred to in Sub-paragraph (b) above.
 - (d) A managing company or any other person who is entrusted with maintaining a register of unit holders or of the issue or transfer of units by any Unit Trust shall not register the name of any person resident outside Sri Lanka or a citizen of a foreign state or their nominee as a holder of units of such Unit Trust unless evidence to the satisfaction of such person is furnished that the terms and conditions applicable to such issue or transfer in terms of this notice have been complied with.

3. Interpretation :

- (a) "Unit Trust", "Managing Company", "Trustee", and "Unit Holder" shall have the same meaning as in the Securities & Exchange Commission of Sri Lanka Act, No. 36 of 1987 as amended by Act, No. 26 of 1991.
- (b) "Deposited Property" means all the assets for the time being held or deemed to be held by the Trustee on behalf of the Unit Trust and subject to the provisions of the Unit Trust Deed, but does not include any amount for the time being standing to the credit of the distribution account.

H. A. G. Hettiarachchi
Controller of Exchange

Colombo,
07th Day of March, 2000.

ANNEX II

Statement of Foreign Currency Receipts as Subscriptions to Primary Issue of Shares/Units

Name of Company:

Names of Non-Resident Investors and Country of Residence	Amount of foreign currency remitted through SIERA	No. of Shares/Units allotted	Value paid to Offeror (SL Rupees)	Amount of foreign currency converted to SL Rupees	Amount of foreign currency refunded

.....
Signature and Stamp of Authorised Dealer

ANNEX III

Share Investments External Rupee Accounts (SIERA)

Statement of Accounts for The Month of 20.....

Name of Account :

Account No. :

Date	Particulars	Deposits Rs.	Withdrawals Rs.	Balance Rs.

Date :

.....
Authorised Dealers Signature

N.E. : Particulars of deposits and withdrawals should be clearly indicated as given below:

Deposits : Inward Remittances, transfers from NRFC/FCBU accounts, sale proceeds of shares/ redemption of Units, dividends received, commissions received etc.

Withdrawals : Purchases of shares/Units, repatriation of sale proceeds of shares/redemption of Units, repatriation of dividends, repatriation of commissions, payment of brokerage, Account Holder's expenses in Sri Lanka, Bank Charges etc.

Department of Exchange Control
Central Bank of Sri Lanka
P.O. Box 883
Colombo 1.
19.05.2000

Operating Instructions to Authorised Dealers

Dear Sirs,

FOREIGN CURRENCY ACCOUNTS

Authorised Dealers are hereby informed that no changes are contemplated with respect to the Foreign Currency Accounts maintained in the domestic banking system. These accounts include Non-Resident Foreign Currency Accounts (NRFCA), Resident Foreign Currency Accounts (RFCA), Resident Non-National Foreign Currency Accounts (RNNFCA), Exporters Foreign Currency Accounts (EFCA) and Foreign Currency Accounts of Hoteliers (HFCA). All facilities presently available to these Account holders, including the free transferability of funds, will remain unchanged.

Yours faithfully,

H. A. G. Hettiarachchi
Controller of Exchange

CC. DGG
ED
AGG
Consultants
DER
DBS
CA
SG

Ref. No. EC / 08/ 2000 (G)

Department of Exchange Control
Central Bank of Sri Lanka
P.O. Box 883
Colombo 1.

03.08.2000

Operating Instructions to Authorised Dealers

Dear Sirs,

**FREIGHT FORWARDING AND ISSUE OF HOUSE AIRWAY BILLS/HOUSE BILLS
OF LADING/ FORWARDERS CARGO RECEIPTS**

Further to my Operating Instructions No. EC/48/91(G) dated 12.07.1991 and EC/04/97(G) dated 4th March 1997 on the above subject, Authorised Dealers are hereby requested to include the following freight forwarders who are now registered with the Central Bank of Sri Lanka to the list of freight forwarders given in the Operating Instructions and accept House Airway Bills/House Bills of Lading/Forwarders Cargo Receipts issued by them for negotiation in respect of export cargo.

<u>Name of the Freight Forwarder</u>	<u>Registration No.</u>
1. MAC Agencies (Pvt) Ltd.	06/07/009/0091
2. Republic Cargo Systems (Pvt) Ltd.	06/07/009/0092
3. MCS Logistics International (Pvt) Ltd.	06/07/009/0093

Yours faithfully,

H. A. G. Hettiarachchi
Controller of Exchange

Department of Exchange Control
Central Bank of Sri Lanka
P.O. Box 883
Colombo 1.

18.09.2000

Operating Instructions to Authorised Dealers

Dear Sirs,

SALE AND PURCHASE OF FOREIGN EXCHANGE
SUBMISSION OF FORM 1 AND FORM 2

The attention of Authorised Dealers is invited to my Operating Instructions bearing reference No.: EC / 07 / 98 (MU) dated 24.12.98 on the submission of Form 1 and Form 2.

It has been decided that in instances of purchase of foreign exchange by an Authorised Dealer of an amount less than US \$ 5,000 or its equivalent in other foreign currencies at a time, it is no longer necessary for the Authorised Dealer to request the person who sells the foreign exchange to complete Form 2. Instead, the Authorised Dealer could report all such purchases on a weekly basis in the form of a consolidated statement prepared by the Authorised Dealer himself giving the following details.

- (1) Name and address of remitter (in the case of encashments, not necessary)
- (2) Name and address of the beneficiary (in the case of encashments the name and address of the person who encashes foreign currency).
- (3) Date of purchase
- (4) Passport Number or National Identity Card Number of the beneficiary as relevant.
- (5) Amount of foreign exchange purchased.

Yours faithfully,

H. A. G. Hettiarachchi
Controller of Exchange

cc: DG
ED
AGG
Consultants
DER
DBS
CA
SG