



January 06, 2009

Guidelines/Procedures to Sri Lankan Diaspora and Migrant Workforce

**Treasury bills/Treasury bonds issued by the Government of Sri Lanka to
Sri Lankan Diaspora and Migrant Workforce**

These Guidelines/Procedures shall be effective from January 06, 2009

1. Eligible Investors

The following categories of persons are eligible to invest in Treasury bills/Treasury bonds issued by the Government of Sri Lanka.

- (a) Sri Lankans who have made their permanent residence overseas (Non-residents);
- (b) Citizens of Sri Lanka who have taken up overseas employment / set up business in abroad;
- (c) Citizens of Sri Lanka with dual citizenship in Sri Lanka and in another country;
- (d) Sri Lankan professionals living in Sri Lanka or abroad who earn income in foreign currency;
- (e) Banks acting in fiduciary capacity on behalf of the above categories.

Eligible investors under Clause 1 above are permitted to purchase Treasury bills/Treasury bonds issued by the Government of Sri Lanka only from primary auctions / direct placements through Lead Managers (LMs) (The list of such institutions is given at the end of this circular).

It is the responsibility of the investor to be mindful of the laws and regulations in the countries where they reside and the issuer is not liable for any act or omission made by the investor on that behalf.

2. Registration

LMs appointed by Central Bank of Sri Lanka (CBSL), i.e. selected Licensed Commercial Banks (LCBs) selected Licensed Specialised Banks (LSBs) and Primary Dealers (PDs) shall be responsible for registering details of their eligible investors at the Central Depository System (CDS) of LankaSecure maintained by the Public Debt Department (PDD) of the CBSL.

CDS will issue statements containing the following to the investors.

- a) A monthly statement confirming the transactions that have taken place during the month.
- b) A statement confirming the outstanding balance held by each investor semi annually.
- c) A statement indicating the maturity proceeds and/or interest payment whenever such payments fall due.

These statements will be issued directly to the name and address of the investor, as registered in the CDS.

3. Status

The maturity proceeds of Treasury bills/Treasury bonds due thereon are direct, unconditional, general, unsecured obligations of the Government of Sri Lanka and rank and shall rank pari passu without any preference among themselves with all other outstanding unsecured and un-subordinated obligations of the Government of Sri Lanka present and future.

4. Tenure

Eligible investors are permitted to purchase, sell or transfer Treasury bills/Treasury bonds with any maturity period.

5. Payments for Treasury bills/Treasury bonds

Eligible investors under Clause 1 above shall open a special rupee account named “**Treasury bill/bond Investment External Rupee Account – Deshabhimani (TIERA-D)**” in a LCB or National Savings Bank (NSB) (hereinafter called as ‘custodian bank’ for functions relating to transfer of funds/money) and make payment for purchase of Treasury bills/Treasury bonds in rupees by crediting to that account. The custodian bank has to make necessary arrangements to transfer respective rupee amounts to the relevant account at the Central Bank through Real Time Gross Settlement System (RTGS). However, funds available at NRFC accounts in Sri Lanka are not permitted to transfer to TIERA-D account.

6. Issue and Delivery of Treasury bills/Treasury bonds

The Treasury bill /Treasury bond shall be issued in scripless form to the investors who have duly made payments as specified in Clause 5 and by registering in the CDS as specified in Clause 2 above.

7. Repo Market Transactions

Eligible investors are permitted to enter into Repo/Reverse Repo transactions using Treasury bills/Treasury bonds purchased under this scheme as collateral.

8. Payment of Interest/Maturity Proceeds

Maturity proceeds/Interest income payable on Treasury bills/Treasury bonds shall be payable in rupees by the PDD of the CBSL on behalf of the Government of Sri Lanka through RTGS to respective LMs on respective maturity dates. Such LMs are responsible to transfer the respective payments to the

TIERA-D account or any other account specified by eligible investors with proceeds value on the same day.

9. Repatriation

All proceeds received by sale or maturing of Treasury bills/Treasury bonds and interest income of Treasury bonds shall be fully repatriable. However, such repatriation should be routed through the custodian bank who maintains the TIERA-D account.

10. Joint Holdings

Treasury bills/Treasury bonds may be held jointly within the facilities available (at present up to three with the CDS). Payment of maturity proceeds and interest payments shall be based on the agreement between LM and joint holders.

11. Tax Treatment

Eligible investors who invest in Treasury bill /Treasury bond market pay no further tax on earnings on such bills/bonds apart from the 10% withholding tax imposed at the primary issue of such Treasury bills/Treasury bonds.

12. Stamp Duty

All documents used on the issue or redemption of Treasury bills/Treasury bonds are free from stamp duty in Sri Lanka.

13. On-line Viewing Facility of Investment Status

The investment status could be viewed through Internet via LankaSecure net (<https://www.cbsl.lk/lankasec/>). The application to obtain a password protected viewing could be submitted to the LM.

14. Jurisdiction

The courts in Sri Lanka shall have exclusive jurisdiction in respect of all matters relating to Treasury bills/Treasury bonds issued by the Government of Sri Lanka.

15. Governing Law

The terms and conditions of Treasury bills/Treasury bonds shall be governed by and construed in accordance with the laws of Sri Lanka.

Further operating instructions in this regard will be issued by the Controller of Exchange or the Superintendent of Public Debt as the case may be.

Any clarifications on these guidelines can be obtained from the following.

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Superintendent of Public Debt

January 06, 2009

Central Bank of Sri Lanka

Colombo

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