



**DEPARTMENT OF FOREIGN EXCHANGE  
CENTRAL BANK OF SRI LANKA**

**DIRECTIONS No. 06 OF 2020 UNDER FOREIGN EXCHANGE ACT, No.12 of 2017**

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**Directions issued to Authorized Dealers on the Special Deposit Account**

In terms of the Regulations published in the Government Gazette (*Extraordinary*) No. 2170/4 dated 08 April 2020, the subsequent Regulations published in the Government Gazette (extraordinary) No. 2182/32 dated 01 July 2020 (the regulations) and section 9 of the Foreign Exchange Act, No. 12 of 2017 (FEA), Authorized Dealers (ADs) are permitted to open and maintain Special Deposit Accounts (SDAs) at the Domestic Banking Units (DBUs), subject to the following.

**2. Eligible Persons**

- (a) Sri Lankan individuals resident in or outside Sri Lanka
- (b) Dual Citizens
- (c) Citizens of other States with Sri Lankan origin
- (d) Non- nationals resident in or outside Sri Lanka
- (e) Funds, corporate bodies, associations incorporated/registered outside Sri Lanka
- (f) Any other well-wishers

**3. Opening and Maintaining SDAs**

- (a) SDAs shall be opened during the six months period from 08 April 2020.
- (b) SDAs shall be opened and maintained only in the form of Term Deposits. SDAs in the form of savings accounts may be opened as operational accounts only for the purpose of receiving funds to be placed in SDAs.
- (c) SDAs shall be opened and maintained either in any designated foreign currency or in Sri Lanka Rupees (LKR).
- (d) SDAs may be held as joint accounts by eligible persons.

**4. Minimum tenure:** Six (06) months.

**5. Interest payable:** One (1) percentage point and two (2) percentage points per annum for SDAs with a tenure of 6 months and 12 months, respectively, payable (in the currency of deposit) at the maturity of the SDAs, in addition to the deposit interest rates applicable for normal deposits of similar maturities by the respective AD.

*Note: The Central Bank of Sri Lanka (CBSL) will periodically reimburse the additional interest to the ADs in LKR, converted using an indicative rate specified by the CBSL applicable on the date of paying such interest at the maturity of the deposit.*

**6. Repatriation of Funds:** Freely convertible and repatriable outside Sri Lanka on the maturity of term deposits.

**7. Permitted Credits**

- (a) Inward remittances in foreign currency received from outside Sri Lanka in favour of the account holder through the banking system.
- (b) Transfers from Inward Investment Accounts or accounts maintained in the Offshore Banking Unit by the account holder, out of the proceeds received as inward remittances during the six months period from 08 April, 2020 in favour of the account holder.
- (c) Foreign exchange legitimately acquired and brought by the account holder who arrived into Sri Lanka on or after 01 January, 2020 subject to a declaration made to the Customs Department at the port of arrival, as prescribed by the Minister by an Order published in the Gazette under section 8 of FEA.
- (d) Foreign exchange equal or less than USD 15,000 or an equivalent amount in any designated foreign currency legitimately acquired and brought by the account holder who arrived into Sri Lanka on or after 01 January, 2020 subject to an appropriate declaration to the AD.
- (e) Foreign Currency notes in possession of any person in, or resident in, Sri Lanka up to such limits and subject to such terms and conditions, as prescribed by the Minister by an Order published in the Gazette under section 8 of FEA, subject to a declaration on source of funds to the AD.

## **8. Permitted Debits**

- (a) Outward remittances of maturity proceeds upon maturity of the deposit.
- (b) Transfer of maturity proceeds of SDA term deposits to an Inward Investment Account or an account maintained in the Offshore Banking Unit by the same accountholder.
- (c) Disbursements in Sri Lanka in Sri Lanka Rupees.

## **9. Other Conditions**

- (a) In the event of receiving funds through an Inward Investment Account or an account maintained in the Offshore Banking Unit, of the same accountholder, ADs shall ensure that such funds have been received as inward remittances into Sri Lanka on or after 08 April 2020.
- (b) ADs shall ensure that inward remittances which are subject to other regulatory requirements such as export proceeds, returns/sale proceeds of investments made outside Sri Lanka by resident investors or other inward remittances subject to any other statutory requirements are not qualified to be credited to an SDA.
- (c) Premature withdrawals shall be discouraged before the minimum tenure of 6 months. Premature withdrawal of SDAs shall not be eligible for any additional interest payable as per paragraph 5 above.
- (d) SDAs with 6 months maturity period may be rolled over only for a further 6 months term and will be only eligible for additional interest offered for 6 months tenure SDAs (*i.e.* 1 percentage point per annum payable at maturity of the deposit, above the deposit interest rates applicable for normal deposits of similar maturities by the respective bank).
- (e) ADs may consider SDAs as collaterals for granting loans in Sri Lanka rupees to persons resident in Sri Lanka. Further, SDAs may be used as collaterals for granting Sri Lanka Rupee loans or Foreign Currency loans to any person resident outside Sri Lanka, subject to the relevant regulations on granting loans to such persons as permitted in the Regulations No. 1 of 2017 published in the Gazette (*Extraordinary*) No. 2045/56 dated 17.11.2017.

- (f) Funds withdrawn under paragraph 8 (c) above cannot be credited back to an SDA.
- (g) In the event of inward remittance in favour of the accountholder routed via another AD due to any correspondence banking relationship, the AD who is the recipient of the inward remittance shall at the time of transferring such funds issue a confirmation, to the AD with whom the SDA is to be opened, stating that such funds have been received as eligible inward remittances.
- (h) Outward remittances in favour of the accountholder may be effected through an AD other than the AD with whom the SDA is maintained, provided that a confirmation shall be obtained from the AD with whom the SDA is maintained stating that the funds were debited from the SDA of the accountholder and out of the funds credited in compliance with the regulations.
- (i) At the time of opening the deposit, ADs shall make customer aware on the terms and conditions of the SDAs.

#### **10. Reporting Requirement**

- (a) ADs are required to furnish information to this department on weekly basis as per the formats at Annex I and Annex 2 not later than the close of the business of the 2<sup>nd</sup> working day of the following week, via e-mail to [dfem@cbsl.lk](mailto:dfem@cbsl.lk).
- (b) ADs are required to implement a system within the bank in order to generate or extract relevant information from the books of accounts of their respective banks, as per the above reporting requirements.

11. Directions No. 04 of 2020 dated 09 April 2020 on SDAs are hereby rescinded.

12. The revocation of previous Directions referred to in Paragraph 11 above shall not affect any rights accrued on or penalties or liabilities incurred under them prior to the revocation.

**Director - Department of Foreign Exchange**

**06 July, 2020**

Weekly statement of Special Deposit Accounts (SDAs) – Term Deposits

Annex I

Name of the Bank .....

Reporting week ended as at .....

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Currency type*	No. of accounts as at the beginning of the week	Balance as at the beginning of the week	Credits			Closing balance as at the end of the week	No. of A/Cs as at the end of the week	
			Inward remittances**	Transfers from				Foreign currency deposits
				IAs	A/Cs in OBU			
USD								
EUR								
LKR								

\*You may extend the rows needed for other designated currencies.

\*\* Include transfers from the SDA saving account (operational) as well

Authorized Dealers are required to furnish both scanned copy of the reports and the MS excel version of the same as above.

We verify the above information extracted/generated from the books of accounts of the bank is accurate.

Name of the Authorized officer:

Name and the seal of the Compliance officer:

Signature:

Signature:

Date:

Date:



**Weekly statement of Special Deposit Accounts (SDAs) – Term deposits**

**Annex II**

**(Individual details for the purpose of reimbursement of additional interest)**

**Name of the Bank:**

**Reporting Week, Month and Year:**

Branch Name	Branch Code	Name of the account holder**	Residency of the account holder	NIC/ Passport No.	Currency code*	Account Number	Date of open (dd-mm-yy)	Deposit amount	Tenure of the deposit in months (tick appropriate column)		Maturity date (dd-mm-yy)	Normal Interest rate given by the bank (excluding the additional interest granted by CBSL) (% p.a.)	Additional interest rate granted by CBSL (1% p.a. for 6 months or 2% p.a. for 12 months)	Interest to be paid by bank at the maturity (Amount)	To be filled by CBSL Interest to be claimed from CBSL (Amount)
									6	12					
1	2	3	4	5	6	7	8	9			11	12	13	14	15
					USD										
					EUR										
					LKR										

Note: \*You may extend the rows needed for other designated currencies.

\*\* if the same individual maintains several deposits, use separate row for each deposit

Authorized Dealers are required to furnish both scanned copy of the report and the MS excel version of the same as above.

We verify the above information extracted/generated from the books of accounts of the bank is accurate.

Name of the Authorized officer:

Name and the stamp of the Compliance officer:

Signature:

Signature:

Date:

Date: