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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 2234/20 - 2021 ජූනි මස 30 වැනි බදාදා - 2021.06.30

No. 2234/20 - WEDNESDAY, JUNE 30, 2021

(Published by Authority)

PART I : SECTION (I) — GENERAL

Government Notifications

FOREIGN EXCHANGE ACT, No. 12 OF 2017

REGULATIONS made by the Minister of Finance under Section 29 read with Section 7 of the Foreign Exchange Act, No. 12 of 2017.

MAHINDA RAJAPAKSA,
Minister of Finance.

Colombo,
30th June, 2021.

REGULATIONS

1. These regulations may be cited as the Foreign Exchange (Investment in the International Sovereign Bonds issued by the Government of Sri Lanka) Regulations No. 6 of 2021.

2. Permission is hereby granted for companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007 (excluding companies engaged in finance business as per the Finance Business Act, No. 42 of 2011) in Sri Lanka who have borrowed foreign currency from a person resident outside Sri Lanka in terms of the Foreign Exchange Regulations, to purchase International Sovereign Bonds issued by the Government of Sri Lanka, from the secondary market, utilizing fifty percent of the said borrowing subject to the following terms and conditions and in accordance with the directions issued by the Central Bank of Sri Lanka,

- i. The Monetary Board of Central Bank of Sri Lanka would consider such requests and grant approval on case by case basis.



- ii. Balance Fifty percent of the said borrowing shall be invested in the Sri Lanka Development Bonds issued by the Government of Sri Lanka.
- iii. Sources of funds for investments in International Sovereign Bonds and Sri Lanka Development Bonds issued by the Government of Sri Lanka shall exclusively be from overseas as external borrowings and received as inward remittances into Sri Lanka.
- iv. Eligible companies shall receive such loan proceeds into an External Commercial Borrowing Account opened with an authorized dealer subject to the prevailing Regulations issued under the Foreign Exchange Act, No. 12 of 2017, on foreign borrowings and all remittances in respect to the investments in International Sovereign Bonds and Sri Lanka Development Bonds issued by the Government of Sri Lanka shall be made through the same External Commercial Borrowing Account, in accordance with the directions issued by the Central Bank of Sri Lanka.
- v. Receipts of coupons and maturity proceeds of International Sovereign Bonds and Sri Lanka Development Bonds issued by the Government of Sri Lanka so acquired, shall be brought back to the credit of the External Commercial Borrowing Account through which the investment was made.
- vi. Repayments of interest and capital of the corresponding borrowings shall be Scheduled (as agreed between the borrower and the lender), to match against receipt of coupons and maturity proceeds of the corresponding investments in International Sovereign Bonds and Sri Lanka Development Bonds issued by the Government of Sri Lanka.
- vii. Under no circumstance, the repayments of the said loan obtained from overseas for the purpose of investing in International Sovereign Bonds and Sri Lanka Development Bonds issued by the Government of Sri Lanka, shall be made out of Sri Lanka Rupee conversions into foreign exchange.
- viii. Further, authorized dealer shall always ensure the due diligence and compliance to the regulations by the eligible companies.

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