



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

DIRECTIONS No. 04 OF 2020 UNDER FOREIGN EXCHANGE ACT, No.12 of 2017

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 08-04-2020 (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 (SDA) 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 the date of the regulations
- (b) SDAs shall be opened and maintained only in the form of Fixed 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.
- (d) SDAs may be held as joint accounts by eligible persons.

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

5. **Interest payable:** 1 percentage point and 2 percentage points per annum for SDAs with a tenure of 6 months and 12 months, respectively, payable at maturity of the deposit, above the deposit interest rates applicable for normal deposits of similar maturities by the respective bank. *Note: The Central Bank of Sri Lanka will reimburse the expenses on this additional interest payments to ADs.*

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 favor of the account holder through the banking system.
- (b) Transfers from Inward Investment Accounts (IIA) 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 the date of the regulations in favor of the account holder.

8. Permitted Debits

- (a) Outward remittances of maturity proceeds upon maturity of the term 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 account holder.
- (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.
- (b) Funds withdrawn under paragraph 8 (c) above cannot be credited back to an SDA.
- (c) Outward remittances in favor 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 regulation.

10. Reporting Requirement

- (a) ADs are required to furnish information to this department on weekly basis as per the format at Annex I not later than the close of the business of the 2nd working day of the following week, via e-mail to **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.

Director

Department of Foreign Exchange

09 April, 2020

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

Annex I of Directions No. 4

Name of the Bank

Reporting week ended as at

000'

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			
				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: