

# PRESS RELEASE

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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

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## Local Companies permitted to invest in the International Sovereign Bonds in the Secondary Market

In terms of the provisions of the Foreign Exchange Act, No. 12 of 2017, the Hon. Minister of Finance has issued Regulations, with the approval of the Cabinet of Ministers, to permit 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) to purchase International Sovereign Bonds issued by the Government of Sri Lanka (ISBs), in the secondary market.

According to the above Regulations, companies can invest in ISBs utilizing 50% of the foreign currency borrowed from a person resident outside Sri Lanka in terms of the prevailing Foreign Exchange Regulations and subject to the following terms and conditions.

- i. The Monetary Board of Central Bank of Sri Lanka would consider such requests and grant approval on case-by-case basis.
- ii. The balance fifty percent (50%) of the aforesaid borrowings shall be invested in the Sri Lanka Development Bonds issued by the Government of Sri Lanka (SLDBs).
- iii. The investments in ISBs and SLDBs shall be made exclusively out of the foreign currency borrowings of the local borrower received as inward remittances to Sri Lanka.
- iv. Eligible companies (mentioned above) shall open and maintain an External Commercial Borrowing Account with an Authorized Dealers (Licensed Commercial Banks and National Savings Bank) in Sri Lanka, subject to the prevailing foreign exchange Regulations. The same External Commercial Borrowing Account shall be used to receive all inward remittances with respect to the investments made in ISBs and SLDBs.
- v. Any receipt of income as coupons and maturity proceeds of ISBs and SLDBs shall be credited to the same External Commercial Borrowing Account through which the initial investment was made.
- vi. Repayment schedule of interest and capital of the said foreign currency borrowings shall be (as agreed between the resident borrower and the foreign lender) matched against the

receipt of coupons and maturity proceeds of the corresponding investments in ISBs and SLDBs.

- vii. Under no circumstances, repayment of the said foreign currency borrowings obtained from a person resident outside Sri Lanka for the purpose of investing in ISBs and SLDBs 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.

These Regulations are published in the Government Gazette (Extraordinary) Notifications No. 2234/20 dated 30.06.2021 and further information can be obtained by visiting [www.dfe.lk](http://www.dfe.lk).