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The Gazette of the Democratic Socialist Republic of Sri Lanka  
EXTRAORDINARY

අංක 1469/25 – 2006 නොවැම්බර් 01 වැනි බදාදා — 2006.11.01  
No. 1469/25 — WEDNESDAY, NOVEMBER 01, 2006

(Published by Authority)

**PART I : SECTION (I) — GENERAL**

**Central Bank of Sri Lanka Notices**

**CENTRAL BANK OF SRI LANKA**

**Notice under the Exchange Control Act (Chapter 423 of the CLE)**

**PERMISSION IN TERMS OF SECTIONS 7, 10, 11 AND 15 OF THE EXCHANGE CONTROL ACT**

1. PERMISSION is hereby granted for the purposes of Section 7, 10, 11 and 15 as applicable of the Exchange Control Act (Chapter 423 of the CLE) to foreign country funds, regional funds or mutual funds approved by the Securities and Exchange Commission of Sri Lanka, corporate bodies incorporated outside Sri Lanka and citizens of foreign states for purchasing, transferring and making payments in respect of transactions of Sri Lanka Rupees Denominated Treasury Bonds (T bonds) subject to the conditions hereinafter set out.

*2. Conditions –*

- (a) Any T Bonds to be purchased by the above categories of foreign investors should be with a minimum remaining maturity period of 2 years from the date of purchase through the primary and secondary markets by utilising existing public debt system. Foreign investor who purchased such a T bond is in a position to sell or transfer this T bond to a resident of Sri Lanka in the secondary market only after a minimum holding period of one year from the date of original purchase. However, this holding period shall not be applicable when a T bond is to be transferred or sold to another eligible foreign investor.
- (b) The payment for T bonds issued by the Government of Sri Lanka in any issue or transaction permitted hereunder shall be made only out of or into a “Treasury Bond Investment External Rupee Account” (TIERA) opened in a commercial bank in Sri Lanka in the name of the foreign investor.
- (c) A commercial bank, or a licensed primary dealer or a broker or any other person entrusted with the payment of capital monies such as sale proceeds of T bonds and interest on such T bonds in respect of any transaction permitted hereunder shall make such payment only into or out of a Treasury Bond Investment External Rupee Account referred to in sub-paragraph (b) above.
- (d) Funds in a TIERA is freely remittable without any restriction after meeting local liabilities of the account holder, if any.

Interpretation ; For purpose of this general permission,

“foreign investors” shall include the following categories of investors :

- (a) Foreign country funds, regional funds or mutual funds approved by the Securities and Exchange Commission of Sri Lanka ;
- (b) Corporate bodies incorporated outside Sri Lanka ; and
- (c) Citizens of foreign states.

D. WASANTHA,  
Controller of Exchange.

Colombo,  
01st November, 2006.

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