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EXTRAORDINARY

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(Published by Authority)

PART I : SECTION (I) — GENERAL

Central Bank of Sri Lanka Notices

NOTICE UNDER THE EXCHANGE CONTROL ACT (CHAPTER 423 OF THE CLE)

**Permission for issue and transfer of debentures of companies incorporated in Sri Lanka to persons
resident outside Sri Lanka**

Permission is hereby granted in terms of Sections 10, 11, 15 and Sub-section 5 of Section 30 as applicable of the Exchange Control Act, for the issue and transfer of debentures denominated in Sri Lanka rupees in a company incorporated in Sri Lanka, to Foreign Institutional Investors (FII) including country funds, regional funds or mutual funds, corporate bodies incorporated outside Sri Lanka, citizens of foreign states whether resident in Sri Lanka or outside Sri Lanka and Sri Lankans resident outside Sri Lanka (hereinafter referred to as the "eligible investors"), subject to the following terms and conditions :

1. Terms and Conditions applicable to Debentures :

- 1.1 All debentures issued under this Notice may be non-listed or be listed in the Colombo Stock Exchange ;
- 1.2 Redemption of capital shall commence only after the expiry of one year from the date of issue of the debenture and capital payments to be made on a debenture shall be made proportionate to the tenor of the debenture ;
- 1.3 In the case of convertible debentures, the conversion into ordinary shares shall be subject to the exclusions and limitations stipulated in the notice published in the *Government Gazette (Extraordinary)* No. 1232/14 dated 19th April 2002 as amended.

2. Terms and Conditions applicable to the company issuing Debentures :

- 2.1 Funds for the investment in debentures and the payments for debentures by an eligible investor shall be made only out of the monies available to the credit of a Securities Investment Account (SIA) of such investor, opened and maintained in a licensed commercial bank in Sri Lanka in accordance with the Directions given by the Controller of Exchange to authorized dealers ;



2.2 An authorized dealer or any other person entrusted with the payment of the capital amount, interest and commissions in respect of any transaction permitted hereunder, shall make such payments only into or out of the SIA referred to in paragraph 2.1 above ;

2.3 The company issuing debentures shall furnish a report to the Controller of Exchange within 30 days of receipt of remittances for investment in debentures providing the following details :-

- (a) The total amount received through SIAs ;
- (b) The names and addresses of the authorized dealers through which the remittances were received ;
- (c) The maturity structure of the relevant debentures.

3. Permission is hereby granted under Section 7 of the Exchange Control Act to a company issuing debentures under this permission for making any payment to the credit of an SIA opened and maintained by an eligible investor in respect of the transactions permitted hereunder.

4. Permission is hereby granted under Section 22 of the Exchange Control Act to a company issuing debentures under this permission for the export of debenture certificates (if applicable) to a person resident outside Sri Lanka in respect of transactions permitted hereunder.

5. Nothing contained in this Notice shall be construed as affecting or having a bearing on :-

- (a) An enterprise that has been granted exemptions from the provisions of the Exchange Control Act in terms of an agreement entered into between such enterprise and the Board of Investment (BOI) of Sri Lanka under the BOI Law No. 4 of 1978 ;
- (b) The provisions of any other law.

6. Authorized Dealers shall have the same meaning as given in the Exchange Control Act.

7. The notices published in *Gazette (Extraordinary) No. 1681/11* of 22.11.2010 and *Gazette (Extraordinary) No. 1733/19* of 22.11.2011 granting permission for purposes of Sections 10, 11, 15 and sub-Section 5 of Section 30 of the Exchange Control Act are hereby rescinded.

P. H. O. CHANDRAWANSA,
Controller of Exchange.

Colombo,
28th day of May, 2014.

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