

26th March 2024

To: Chief Executive Officers of Trading Participants/ Clearing Members

CIRCULAR NO: 04-03-2024

Dear Sir/Madam,

FACILITATION OF NON-RESIDENT PARTICIPATION IN SECURITIES BORROWING AND LENDING (SBL) AND REGULATED SHORT SELLING (RSS)

We write further to the following Regulation and Direction to Authorized Dealers issued by the Minister of Finance and Department of Foreign Exchange (DFE) of the Central Bank of Sri Lanka (CBSL) respectively, in connection with the captioned matter.

- **Gazette Extraordinary Notification No. 2371/33 dated 15th February 2024** amending 'The Foreign Exchange (Classes of Capital Transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 2 of 2021' published in the Gazette Extraordinary Notification No. 2213/35 dated 03 February 2021 as amended by the Gazette Extraordinary Notification No. 2235/22 on 6 July 2021 issued under the Foreign Exchange Act, No. 12 of 2017; and,
- **Direction No. 02 of 2024 dated 20th March 2024 issued under the Foreign Exchange Act No. 12 of 2017 to Authorized Dealers on Inward Investment Accounts (IIAs)**

The Colombo Stock Exchange (CSE) is pleased to inform that, having considered the requests made by the CSE, the DFE of CBSL, in consultation with the Ministry of Finance, has now facilitated non-resident investor participation in SBL transactions which are carried out in terms of the Rules promulgated by a Clearing House licensed under the Securities and Exchange Commission of Sri Lanka Act No.19 of 2021.

Consequently, Clearing Members engaging in SBL Transactions and all Trading Participants may now offer SBL and RSS facilities (respectively) to non-resident investors/clients in terms of the said DFE Regulations and Directions, and the applicable Rules of the CSE and the Clearing House Rules of the Central Depository Systems (Pvt.) Ltd.

The above-mentioned Regulation and Direction to Authorized Dealers are available on the website of the DFE of CBSL and can be accessed via <https://www.dfe.lk/>.

Yours faithfully,



Renuke Wijayawardhane
Chief Regulatory Officer

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