



KEY FACT DOCUMENT

TREASURY BILL, TREASURY BOND

REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS

01.About the Treasury Bills and Bonds

Main Features of Treasury Bills and Bonds

- ✓ Treasury bills are issued with 91-day, 182-day and 364-day maturities (standard maturities issued at primary auctions) whereas,
- ✓ Treasury bonds are issued for maturities of from 2- 30-years.
- ✓ Treasury bills, normally issued at a discount, are repaid at face value at maturity
- ✓ Treasury bonds carry bi-annual coupon payments and are repaid at face value at maturity.
- ✓ Treasury bonds can be issued at discount, par or premium
- ✓ Market determined yield rates prevail
- ✓ Tradable in the secondary market
- ✓ Issued in scripless form
- ✓ A collateral for short-term fund raising

I. Benefits of Investing in Treasury Bills and Bonds

- ✓ It is considered default-risk free, since issued by the sovereign government.
- ✓ Since T bills and T bonds are tradable in the secondary market, they are highly liquid money market instruments.
- ✓ It is possible to have joint investments.
- ✓ Under the current law, Government Securities are not subject to withholding tax.

- ✓ CBSL securely registers these investments in the Central Depository System (CDS), which is connected to an automated Scripless Securities Settlement System (SSSS).

II. What are the benefits/risks?

Treasury Bonds/Bills have zero default risk because every aspect of the investment is guaranteed by the Government, regardless of the size of the investment.

III. How to invest in Treasury Bills Treasury Bonds

- ✓ You can visit an NSB FMC or NSB branches of your choice and discuss your requirement with an officer.
- ✓ Non-resident investors are permitted to maintain a rupee denominated “Inward Investment Account (IIA)” with a licensed commercial bank in Sri Lanka for their investments in Government securities.
- ✓ Interest and maturity proceed of Treasury bills and bonds are credited to the investor's account on the due date. In the event due date falls on a non-business day, settlement will be postponed to the next business day.

IV. Who can open an investment account

- ✓ Sri Lankan nationals over 18 years
- ✓ Non-nationals holding a valid resident VISA through IIA Account.

V. Interest Rate

Rate will depend on the market interest rate at that time.

VI. Pre-Mature Withdrawals

Once you provide a written request to the NSB FMC, your Treasury Bills will be discounted based on the market rates.

(As per the premature withdrawal policy discount rate would be market rate + margin applicable at discount time subject to the company funding availability.)

If your account is joint with another individual(s), and the operating instructions given to the NSB FMC is “Both to Sign” in the event you wish to transfer funds, it is compulsory that all parties of the account be present at the NSB FMC to carry out your requirement.

If the operating instruction given to the NSB FMC on behalf of your account is “either party”, in such cases, the transfer may be processed on the signature of one party.

VII. Unique product features

- ✓ Minimum Amount – 1,000.000/- for new customers (One Million)
- ✓ No maximum limitation of the capital amount to be invested
- ✓ Maturity instructions can be picked up at the time of opening the account. You can decide to re-invest the capital only or re-invest the capital with accrued interest. Instructions can also be given to transfer the accrued interest to other Bank accounts as well.
- ✓ Do not allow third party fund transfers.
- ✓ Release of funds once your investment is matured will be strictly as per the operating instructions given to the NSB FMC.

VIII. Fees /charges, commission, interest

No fee/commission

02. Repurchase and Repurchase Transaction (Repo & Reverse Repo)

Repurchase Agreements (Repo) are a short-term arrangement to sell securities at a specific price with a commitment to buy it on a predetermined date at a fixed price. From the securities buyer’s viewpoint this agreement is called a Reverse Repo. Repos and Reverse Repos are used for short-term borrowing and lending, often overnight.

Fast-moving and versatile, these agreements are perfect for secured short-term borrowing and lending at very competitive rates. These short-term instruments spanning from overnight to one year are backed by gilt-edged collateral.

I. What are the benefits/risks?

- Liquidity – Repos provide the ability to invest cash overnight, making them a critical component in the effort to manage liquidity.
- Yield Advantage – Repos generally provide additional yield as compared to traditional money market instruments.
- Flexibility – the principal amount of repos can be adjusted up or down as fund cash flows dictate.
- Flexible tenors
- Fully secured by Government Securities allocated to the client CDS account with minimum haircut regulations applicable.

II. Eligibility

- Existing client of NSB FMC with request through Manager/Branch Managers of the NSB

III. Placing a Repo & Reverse Repo

You can visit NSB branches/ NSB FMC Premises of your choice and discuss your requirement with an officer.

IV. Major Terms and conditions

Product is offered based on availability of Government Securities

03.Feedback

Your feedback will help us learn how well we meet your expectations and improve where necessary.

You can share your feedback through the following channels in preferred language (Sinhala, Tamil, or English).

- ❖ In person
- ❖ By post-(NSB Fund Management Co Ltd, No 400, Galle Road, Colombo 03.)
- ❖ By e-mail to nsbfmc2020@gmail.com / nsbfmc@nsb.lk
- ❖ By phone-(+94 – 11 – 2425010: +94 – 11 – 2425012)
- ❖ By fax + 94 – 11 – 2574387
- ❖ Through the web - <https://nsbfmc.lk>

This document serves to comply with the requirements of the Finance Customer Protection Framework issued by the Central Bank of Sri Lanka.

Compliant Handling Procedure

- i. Acknowledge the customer **within 3 working** days of receiving a complaint.
- ii. seek to gather and investigate all relevant evidence and information regarding the Complaint
- iii. communicate with Complainants clearly, in plain language that is easy to understand.
- iv. When an answer cannot be provided **within 14 working days**, the Compliant Handling Unit should inform the Complainants about the causes of the delay and indicate when its investigation is likely to be completed.
- v. If the complaint cannot be resolved **within 14 working days**, Responsible Officer of the Complaint Handling Unit should **inform the complainant requesting additional time to resolve** the complaint.

- vi. If the complainant is dissatisfied with the response, option is available to forward the complaint to the Chairman of the NSB FMC for re-consideration. Complainant will get the final response within 14 working days after considering all aspects.
- vii. If the complainant is not satisfied with the response from the NSB FMC, the complaint can be referred to the Financial Ombudsman who provides free independent services to complainants.

Contact details of the Financial Ombudsman:

Address: The Financial Ombudsman,

Office of the Financial Ombudsman,

No 143A, Vajira Road,

Colombo 05

Telephone: 011-2595624

Telefax: 011-2595625

Email: fosril@sltnet.lk

Web: www.financialombudsman.lk

Financial Consumer Relations Department (FCRD) of Central Bank of Sri Lanka

Postal Address : Financial Consumer Relations Department,

No. 30, Janadhipathi Mawatha, Colombo 01.

Hotline for Inquiries : 1935

Telephone : [+94 112477966](tel:+94112477966)

Fax : [+94 112477444](tel:+94112477444)

Email : fcrd@cbsl.lk

