



Invest for better
returns...

... In Sri Lankan
Government Securities



 **ACUITY SECURITIES LIMITED**

About ACUITY Securities Ltd (ASL)

ASL was appointed by the Central Bank of Sri Lanka (CBSL) in the year 2000 as a dedicated Primary Dealer for Government Securities such as Treasury Bills & Treasury Bonds.

It's one of the leading Primary Dealers with a fully fledged Marketing & Customer Service unit in place to service its clientele ranging from local HNI's and institutional clients to foreign investors.

ASL became part of ACUITY - the joint venture Investment Banking firm equally owned by DFCC & HNB (with a combined market capitalisation of Rs.1,600 Bn - USD 14.25 Bn and a total asset base of Rs.375 Bn – USD 3.35 Bn as at FY 2010.) in the year 2008.

ACUITY group activities consist of Primary Dealership for Government Securities, Stockbroking, Corporate Finance, Advisory Services, Portfolio Management Services and Research.

Sri Lankan Government Guaranteed Treasury Bills (T-Bills) and Treasury Bonds (T-Bonds)

Treasury Bills & Bonds are issued by the Public Debt Department of the Central Bank of Sri Lanka, on behalf of the Government. These instruments are issued to raise debt for short, medium & long term budgetary requirements. The Sri Lankan Treasury Bill/Bond market was opened up for foreign investors with the objective of giving them the opportunity to invest in these high yielding Gilt-edged Instruments.

Treasury Bills

- No repayment risk – Capital plus interest guaranteed by the Government of Sri Lanka
- Invest on a discount basis.
- Face value is paid on the date of maturity.
- Issued in scripless form, for durations of 3 , 6 and 12 months
- Higher returns compared to conventional bank deposits.
- Ideal to invest in a market with rising rates.
- Tradable instrument in the secondary market.
- Maturity on Fridays.

Treasury Bonds

This is considered a long term debt instrument, issued for a period of 2 - 20 years or more.

- No repayment risk – Capital plus interest guaranteed by the Government of Sri Lanka.
- Maturity date can be any day of the week. If it's a holiday, funds are paid on the next working day.
- A fixed interest amount called "Coupon Interest" is paid every six months. This is calculated using the "Coupon Rate".
- The investment is carried out using the "Yield Rate" which is market driven.
- Customers can invest at a discount, par or premium.
- Tradable instrument in the secondary market.

Foreign investments in T-Bills & T-Bonds have to be routed through a SECURITIES INVESTMENT ACCOUNT (SIA) to be maintained in a commercial bank within Sri Lanka.

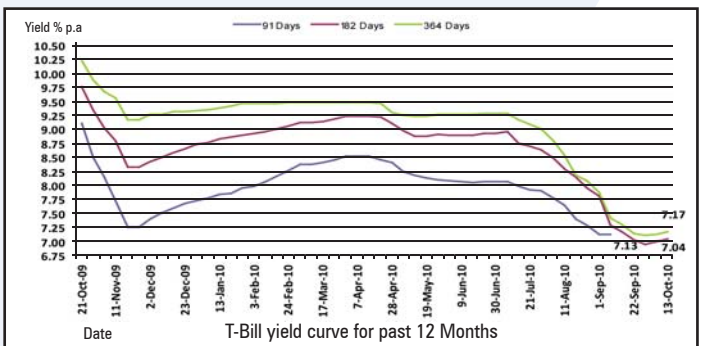
Eligible Investors

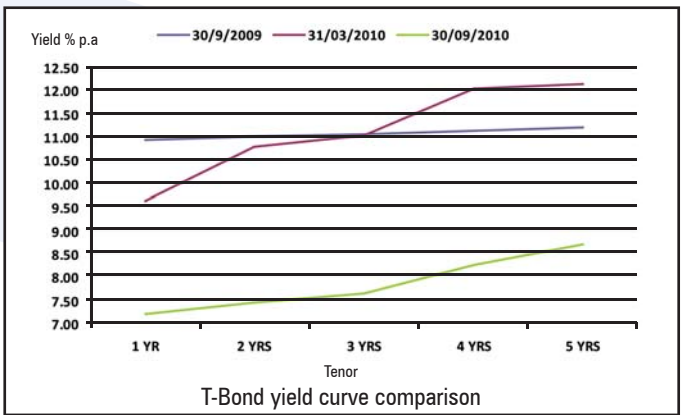
- 1) Foreign Country Funds , Regional Funds or Mutual Funds.
- 2) Institutions incorporated outside Sri Lanka
- 3) Citizens of foreign states

Foreign Investors are at liberty to purchase Government Securities at the weekly T- Bill auctions , periodic T-Bond auctions, or in the secondary market through ASL. The interest rates are market-driven and are determined by key monetary, fiscal and other economic/political factors. We will advise you regarding current interest rate trends and the most appropriate durations to invest for.

Tax treatment in Sri Lanka.

Eligible foreign investors who invest in Treasury Bills or Treasury Bonds pay no further tax on earnings apart from the 10% withholding tax imposed at the primary issue.





As a foreign investor how can you invest in Sri Lankan T- Bills & T-Bonds?

Step 1

Open a SIA A/c through a commercial bank such as Hatton National Bank or DFCC Vardhana Bank.

While we give below some of the details pertaining to opening of accounts, application forms, declarations and further information can be made available on request.

Documents required by commercial banks

Individuals

- Relevant mandate (duly completed)
- Photocopy of valid Passport (relevant pages where customer's photograph and personal details are available)
- Letter of introduction from the customer's bank
- Declaration from the customer
- Know Your Customer (KYC) form

Institutions

- Relevant mandate (duly completed)
- A certified copy of the Certificate of Incorporation
- Copy of Memorandum (as appropriate) & Articles of Association duly certified by the Chairman and Secretary
- Certified copy of Resolution of the Board of Directors as stated in the Mandate Form
- Certified list of the Directors issued by the Registrar of Companies or equivalent of the country where the Company is incorporated

- Specimen signature cards of officers who are authorized to operate the account indicating their Passport/National Identity Card Numbers, witnessed by the Chairman/Secretary of the Company
- The signatures of the Chairman, Secretary and the Directors should be certified by their Bankers
- Reference letter from customer's bank
- Know Your Customer (KYC) form

Step 2

Open an Investment A/c with Acuity Securities Ltd

Documents Required

Individuals

- Duly completed ASL application form
- Certified Photocopy of valid Passport (dual citizens should attach a copy of the relevant page indicating the dual citizenship.)
- Letter of introduction from the customer's Bank**
- Declaration of customer - appointing ASL as their Primary Dealer to purchase Government Securities .

Institutions

- Duly completed ASL application form
- Certified copy of the "Certificate of Incorporation"
- Copy of Memorandum (as appropriate) & Articles duly certified by the Chairman and the Secretary.
- Certified copy of the resolution of the Board of Directors as stated in the mandate form along with specimen signatures of authorized signatories indicating their Passport /National Identity Card (copies) numbers and witnessed by the Chairman/Secretary of the Company
- Certified list of Directors issued by the Registrar of Companies of the country of incorporation.
- The signatures of the Chairman, Secretary and the Directors should be certified by their Bankers. **
- Reference letter by customer's Bank**
- Declaration of customer - appointing ASL as their Primary Dealer to purchase Government Securities .

**** (If a SIA account has already been opened in SL, a letter from the respective commercial bank. In the alternative, a letter from the client's off-shore bank.)**

Once you submit the completed forms & required documents, you will be allocated a unique customer code. A CDS account will be opened with the CBSL when securities are purchased.

The opening of a SIA A/c with either of the commercial banks or an investment account with ASL does not commit the client to carry out investments immediately.

Step 3

Negotiate interest rates with Acuity Securities Ltd

ASL is now ready to purchase T'Bills & T' Bonds on behalf of the investor. Investment rates can be negotiated & finalized based on market trends.

Step 4

Remit Funds-to SIA A/c

Funds need to be remitted from overseas to the SIA account maintained at the relevant bank .

The SIA account will be credited with the respective SL Rupee equivalent based on the prevailing exchange rate. Once funds are credited, the client may begin to invest in Government Securities through ASL . The client must instruct the local Sri Lankan commercial bank to credit funds to ASL-Real Time Gross Settlement (RTGS) account maintained with the CBSL.

Step 5

Investments in T-Bills/Bonds

ASL will purchase T-Bills /T-Bonds on behalf of the investor based on the given instructions .These securities will be transferred to the investor's CDS account maintained at CBSL.

Investors may also complete the relevant application forms to avail themselves of the facility to view their CDS account details on-line. These forms can be forwarded by ASL upon request.

Step 6

Maturity proceeds- Acuity Securities Ltd

On maturity of the investment the client can decide whether to re- invest or remit the funds out of Sri Lanka.

In case of withdrawals the T-Bill /T-Bond proceeds will be credited to the SIA account in SL Rupees. The client may instruct the local commercial bank on the outward remittance. .

Terms and Conditions

- Foreign investments in T-Bills/T-Bonds are at the sole discretion of the CBSL
- Secondary market rates are beyond the control of ASL.
- The opening of SIA accounts will be subject to the terms and conditions of the local commercial bank
- Eligible foreign investors are permitted to purchase T-Bills/T-Bonds issued by the Government of Sri Lanka only from primary auctions/ direct placement or from the secondary market, through Primary Dealers
- The content included in this brochure may change from time to time due to regulations/terms & conditions imposed by the Central Bank of Sri Lanka , Acuity Securities Ltd or other Stakeholders.
- Any costs incurred by ASL in carrying out investments will be charged to the investor.

Acuity Partners

Acuity Partners is a full service investment banking firm promoted as an equally owned joint venture between DFCC Bank and HNB. It is the only integrated and full service investment banking firm in Sri Lanka offering a comprehensive suite of products and services in Corporate Finance, Equities, Fixed Income Securities and Venture Capital. Acuity is the successor to the investment banking related subsidiaries and divisions of DFCC Bank & HNB and was created through the consolidation of all Corporate Finance, Equities and Fixed Income Securities activities of the two banks under the umbrella of Acuity Partners (Private) Limited. All staff members of Acuity have a wealth of collective experience gained while working in the investment banking field at their parent companies.

Acuity is the largest investment banking firm in Sri Lanka with a gross asset base of over LKR 4 billion (USD 0.036 Bn) as at FY 2010. Acuity has leading securities sales & distribution capabilities with over 105,000 brokerage and fixed income customer accounts. It is backed by parent companies with a combined Asset Base of LKR 375 billion (USD 3.35 Bn) and a combined network of over 255 branches & 5300 employees.

Hatton National Bank PLC

Was established in 1888 as the Hatton Bank. HNB is one of the largest private sector banks in Sri Lanka , with over 197 customer centers island wide. HNB is Listed in the Colombo & Luxembourg Stock Exchanges.

DFCC Bank

Was formed by an act of parliament in 1955 as the first development finance institution. The bank specializes in offering project financing for SME sectors & large scale infrastructure projects.

ACUITY SECURITIES LTD.

Level 4, Acuity House, 53, Dharmapala Mawatha,
Colombo 03, Sri Lanka

Tel : +(94) 11 2206297, Fax: +(94) 11 2206290

E-mail : info@acuitysecurities.com

web: www.acuitysecurities.com