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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

P Samarasiri
Assistant Governor

30, Janadhipathi Mawatha
Colombo 1, Sri Lanka

25th November, 2009

Mr J C Weliamuna
Executive Director
Transparency International Sri Lanka
No. 28/1, Bullers Lane
Colombo 7

Dear Sir

**Proposal by the Central Bank to relax Exchange Control Regulations
Permitting limited Capital Account Transactions**

We refer to your letter dated 16th November, 2009 addressed to His Excellency the President and copied to the Governor of the Central Bank on the above subject.

As already announced, consequent to the improvement in the foreign exchange reserve levels, the Central Bank would be taking steps to relax certain exchange control measures in order to assist the Sri Lankan business sectors to further develop their capacities, nationally and internationally. In that regard, please rest assured that Central Bank officers who develop and implement these policies are highly competent and qualified people with access to information and data in the relevant aspects of economic and business activity and, therefore, decisions taken are professional decisions, after giving careful consideration to the impact of the policy changes as well as the overall objectives that are intended to be achieved. As you are aware, the Central Bank, in this manner, has relaxed many exchange control measures in the past for macroeconomic benefits to the country.

Please also rest assured that the relevant departments of the Central Bank conduct investigations into violations of exchange control regulations in terms of the provisions of the Exchange Control Act, with those who allegedly violate the provisions of the Exchange Control Act being prosecuted in accordance with the law. Recent prosecutions for such alleged violations would clearly indicate to you that action has been taken by the Central Bank against errant institutions and persons who have been associated with illegal foreign exchange transactions, without reference to their position or standing in society. We believe that you surely welcome such actions on our part.

Thanking you,

Yours faithfully

P Samarasiri