



**DEPARTMENT OF FOREIGN EXCHANGE
CENTRAL BANK OF SRI LANKA**

DIRECTIONS No. 04 OF 2017 UNDER FOREIGN EXCHANGE ACT, No. 12 of 2017

Directions issued to Authorized Dealers on Business Foreign Currency Accounts (BFCAs)

In terms of the Foreign Exchange (Opening and Maintenance of Foreign Exchange Accounts) Regulations No. 03 of 2017 (the regulations) and Sections 9 (1) and 9 (2) of the Foreign Exchange Act, No. 12 of 2017 (the Act), Authorized Dealers are permitted to open and maintain BFCAs subject to the following.

1.1 Eligible Persons

Eligible persons shall be as per the regulations.

1.2 Opening and Maintaining the Accounts

In terms of the authority granted to the Central Bank of Sri Lanka by the regulations, the following shall be considered when opening and maintaining BFCAs, in addition to those specified in the regulations.

- (a) A BFCA shall not be overdrawn under any circumstance.
- (b) Authorized Dealers shall not credit BFCA with charges and deposits that are collected as local fees or charges which are not components of freight, where the account holder is a shipping agent or general sales agent eligible under the Paragraph 1.1. above.
- (c) Authorized Dealers shall ensure that under no circumstance, proceeds of foreign currency loans (including debt securities) transferred from Inward Investment Account (IIA) of the foreign lender and proceeds of loans in foreign currency obtained by the account holder from the Domestic Banking Unit, be utilized for capital transactions outside Sri Lanka.

1.3 Permitted Credits

In terms of the authority granted to the Central Bank of Sri Lanka by the regulations, the following credits are permitted to BFCAs, in addition to the credits specified in the regulations.

- (a) Foreign currency drafts issued by banks in Sri Lanka on behalf of the holders of BFCAs in respect of sale of goods and providing services by the account holder.



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- (b) Proceeds of foreign currency loans (including debt securities) transferred from IIA of the foreign lender, where such loans have been obtained in terms of an approval granted under the provisions of the Act (excluding loans obtained for the purposes of capital transactions outside Sri Lanka).
- (c) Payments received in respect of goods sold and services rendered by the account holder to a person resident outside Sri Lanka where payments for such goods and services have been made through an Electronic Data Capture Terminal or Internet Payment Gateway (EDC/IPG), by using an Electronic Fund Transfer Card (EFTC) issued outside Sri Lanka, provided however that the Authorized Dealer shall credit such payment into a BFCA only upon written confirmation by the EDC/IPG provider stating that it contains payments made using an EFTC issued outside Sri Lanka.
- (d) Remittances received in foreign exchange from abroad through the banking system in respect of lease or rent of immovable property in Sri Lanka to a person resident outside Sri Lanka by the account holder.
- (e) Transfers from a Foreign Currency Loan Account (FCLA) for the purpose of acquisition/ construction/development and renovation of a residential property in Sri Lanka of the account holder.

1.4 Permitted Debits

Permitted debits shall be in terms of the regulations.

1.5 Monthly Returns

- (a) Authorized Dealers shall submit a report as per the Annex I on a monthly basis to this department on or before the 15th day of the following month by email to dfem@cbsl.lk
- (b) Authorized Dealers are required to implement a system within the bank in order to generate or extract the relevant information from the books of accounts of their respective banks, as per the above reporting requirement.



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1.6 For the purpose of these Directions

- (a) **“Foreign shipping line”** shall mean any shipping line within the meaning of the Licensing of Shipping Agency Act, No. 10 of 1972 (as amended) which is a resident outside Sri Lanka;
- (b) **“Foreign airline”** shall mean any “foreign air operator” within the meaning of the Civil Aviation Act, No. 14 of 2010 (as amended) which is a resident outside Sri Lanka.

A handwritten signature in black ink, appearing to be 'Hemanga', written over a horizontal line.

Director-Department of Foreign Exchange

20 November 2017

Monthly Statement of Business Foreign Currency Accounts (BFCAs)

Annex I to Directions No. 04 of 2017

Name of the Bank:.....
Reporting Month & Year:.....

Category of the Account	Currency	Balances as at beginning of the month	Credits				Debits				Balance as at end of the month	Total Number of A/Cs as at end of the month	
			Inward Remittances	Transfers From Other Accounts	Other	Total Interest Credited	Total	Outward Remittances	Transfers To Other foreign currency Accounts	Local Disbursement			Other Debits
Exporters													
Professional Service Providers													
Travel Agents/ Tourism													
Hotels & Restaurants													
Gem & Jewellery Dealers													
Insurers													
Foreign Employment Agencies													
Remittances for Disbursement to Sri Lankans who render services to overseas employers													
Logistics, Freight Forwarding & Related Services etc													
Shipping agency													
General sales agency (airline)													
Foreign currency loans from DBU													
Foreign currency loans from OBU transferred to BFCA													
Foreign currency loans transferred from IIA of foreign lender (other than for investment purpose)													
Investment in/outside Sri Lanka													
Overseas Projects													
Other service providers (Specify)													
Remittances received under Section 8 (3) from abroad													
Other (Specify the Category)													
Total													

Note: Please provide information on different types of designated currencies in all accounts (EUR, USD, GBP, Other (pls specify))

: Authorized Dealers are required to furnish both scanned copy of the report and the MS Excel version of the same as above

I have examined the relevant documents and confirm that the above mentioned information is true and correct.

Name of the Authorized Officer :.....

Name of the Compliance Officer :.....

Signature :.....
Date :.....

Signature :.....
Date :.....