



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

DIRECTIONS No. 13 of 2021 UNDER FOREIGN EXCHANGE ACT No. 12 of 2017

Directions issued to Authorized Dealers on Sales of foreign exchange (Form 1) and Purchases of foreign exchange (Form 2)

In terms of Section 9 read with Sections 6 and 7 of the Foreign Exchange Act No. 12 of 2017 (the FEA), Authorized Dealers (ADs) are hereby required to transmit information on sales of foreign exchange (Form 1) and purchases of foreign exchange (Form 2) to the Department of Foreign Exchange (DFE) through the FX Sales Purchases Monitoring System – FX System with respect to all such foreign exchange sale and purchase transactions, subject to the following terms and conditions.

- 1.1** An AD shall obtain accurate and duly completed Form 1 and Form 2 as per the formats given in **Annex I** and **Annex II**, respectively, from its customers who buy and sell foreign exchange, respectively, in respect of all transactions permitted under the provisions of FEA, which require conversion of Sri Lanka Rupees into foreign exchange or vice versa, upon satisfying the *bona-fide* of the transaction.
- 1.2** An AD may accept signed and completed Form 1, Form 2 and documentary evidence to execute the transactions from its customers received in electronic mode (either via fax, email or any other means of electronic transmission). In such instances, AD shall comply with the legal and regulatory obligations under the Electronic Transactions Act, No. 19 of 2006, any amendments thereto, subject to that AD shall undertake full responsibility for the authenticity and accuracy of information/details furnished by such customers.
- 1.3** ADs shall extract all information relating to Form 1 and Form 2 irrespective of the value of the transaction from their core banking systems and shall require to upload at designated times on daily basis to the FX System (<https://www.cbsl.lk/forex/>) without any manual intervention. However, ADs may report only the transactions which executed after 4.30 p.m on t+1 basis to the FX System, before commencing the business operations of the following working day.



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- 1.4** An AD shall have a mechanism in its core banking system to capture all mandatory fields in Form 1 and Form 2 and shall ensure transmission of all such foreign exchange sale and purchase information electronically to DFE as per the Guidelines and Interface Requirement Specifications appear in the FX System.
- 1.5** An AD shall retain Form 1 and Form 2 obtained as per Paragraph 1.1 above along with necessary documentary evidence physically or electronically to establish bona-fide of the underlying transactions up to the record keeping requirement within the bank/branch premises or at a Centralized Processing Unit from the date of the transaction, enabling regular inquiries/ inspections by DFE.
- 2. Other Conditions applicable**
- 2.1** In instances where purchases of foreign exchange by an AD is less than USD 5,000 or its equivalent in any other foreign currency for a transaction, an AD may maintain all such information in the form of a consolidated statement on a weekly basis up to the record keeping requirement.
- 2.2** An AD may sign Form 1 and Form 2 on behalf of the applicants who buy and sell foreign exchange, respectively, in respect of following instances, upon satisfying the due diligence and the *bona-fide* of the request.
- i. Inward remittances after obtaining necessary written confirmations.
 - ii. Transactions initiated through internet banking and mobile banking.
 - iii. Transactions initiated through the standing order.
 - iv. If the customer gives instruction, consent or authority in writing to effect a transaction which involve conversion of Sri Lanka Rupee in to foreign currency or vice versa only at the instances where the customer is unable to appear in the place of business of AD and when recovery actions on accommodations are executed by AD.



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- v. Debiting any tax, statutory charges or fees from a foreign currency account/ LKR account in compliance with any prevailing laws and regulations in the country and debiting bank charges/fess.
 - vi. Payments/transfers from/to head office of the bank, which involve conversion of Sri Lankan Rupees into foreign currency or *vice versa*.
3. Further ADs shall undertake full responsibility for the authenticity and accuracy of the Form 1 and Form 2 transactions and information uploaded to the FX system.
 4. Nothing permitted by these Directions shall be construed as exempting, absolving or preventing ADs or any person dealing in foreign exchange under these Directions, from the requirement to comply with the provisions of any other law.
 5. These Directions shall come into operation with effect from **22 March 2021**.

**Director- Department of Foreign Exchange
18 March 2021**

Sale of Foreign Exchange by an Authorised Dealer																									Form 1				
NIC/Passport/ Company Reg. No.										Serial No.																			
Income Tax File No.																													
Applicant Name										Bank Code					Purpose Code														
Applicant Address										Branch Code					Sub Purpose code														
										Country Code					Currency code					Released Foreign Exchange Amount									
Air ticket No. (only for travel purpose)										Bank Draft																			
Beneficiary Name										Telegraphic Transfer																			
Beneficiary Address										Travel Card																			
Purpose										Other (specify)																			
Applied Foreign Exchange Amount										USD																			
										EUR																			
										GBP																			
I declare that all information given by me is true and correct.										Currency issuance																			
_____					_____																								
Date					Signature of applicant																								
Bank Use										Date					Signature of Teller					Signature & seal of the Bank					Notes				
Note:										The applicant should be the person who converts Sri Lanka Rupees to Foreign Exchange. For example a company providing foreign exchange to an employee for business travel shall be the applicant and the employee shall be the beneficiary.																			

Annex II to Directions No. 13 of 2021

Purchase of Foreign Exchange by an Authorized Dealer															Form 2									
NIC/Passport/ Company Reg. No.										Serial No.														
Income Tax File No.																								
Applicant Name					Bank Code					Purpose Code														
Applicant Address					Branch Code					Sub Purpose code														
					Country Code					Currency code														
Remitter Name					LKR Amount					Released Amount														
Remitter Address																								
Purpose																								
Accepted Foreign Exchange Amount					USD																			
					EUR																			
					GBP																			
I declare that all information given by me is true and correct.																								
_____					_____					Total														
Date					Signature of applicant																			
Bank Use					Date					Signature of Teller					Signature & seal of the Bank					Notes				
Note:					Form 2 should be signed personally by the applicant/beneficiary. In instances where the Authorised Dealer purchases the inward remittance on behalf of a constituent and inter account transfers through online banking system, the application may be signed by the Authorised Dealer.																			