



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

DIRECTIONS No.10 OF 2017 UNDER FOREIGN EXCHANGE ACT, No.12 of 2017

Directions issued to Authorized Dealers on Loans and Advances to Sri Lankans Employed Abroad

In terms of the Foreign Exchange (Classes of Capital Transactions in Foreign Exchange carried on by Authorized Dealers) Regulations No. 01 of 2017 (the regulations) and Section 9 (2) of the Foreign Exchange Act, No. 12 of 2017, Authorized Dealers are permitted to grant loans and advances from their Domestic Banking Units to Sri Lankans employed abroad who maintain Personal Foreign Currency Accounts (PFCAs) to be utilized for any purpose in Sri Lanka, subject to the following.

2. Loans and Advances granted in Foreign Currency

- 2.1. Loans and advances in foreign currency shall be granted only if the borrower has foreign currency earnings to repay the loans and Authorized Dealers shall assess and satisfy themselves on the ability of the borrower to repay the loan in foreign currency having regard to his/her employment abroad or existing balances in his/her PFCA.
- 2.2. Loans proceeds shall be disbursed in Sri Lanka Rupees to the borrower unless the borrower requests to transfer the loan proceeds to foreign currency accounts maintained by persons resident in Sri Lanka, who develop residential or commercial property, provided such persons (i.e., holders of Business Foreign Currency Accounts and Offshore Banking Unit Accounts who engage in the business of sale of property in Sri Lanka) are permitted to accept foreign currency.

3. Loans and Advances granted in Sri Lanka Rupees

- 3.1. Loans and advances in Sri Lanka Rupees shall be granted after assessing and satisfying of the credit risk of the loan, particularly on the borrower's ability to repay the loan having regard to his/her employment abroad.
- 3.2. Loan proceeds shall be disbursed in Sri Lanka Rupees to the borrower.



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4. The tenure, security, repayment or service of the loans and advances granted in foreign currency and in Sri Lanka Rupees and the recovery of loans in foreign currency, in Sri Lanka Rupees at default shall be in terms of the regulations.

5. Other Conditions

5.1. Authorized Dealers shall maintain documentary evidence obtained at the time of granting the loan beyond any statutory record keeping requirement, until the loan is fully settled. Once loan is settled, the related documentary evidence shall be maintained up to the statutory record keeping requirement.

5.2. Authorized Dealers shall furnish monthly statements on loans granted under these Directions to the Director-Department of Foreign Exchange as per the Annex I on or before the 15th day of the following month by email to dfem@cbsl.lk.

5.3. Terms and conditions and recovery of loans and advances that have been granted to Sri Lankans employed abroad under the provisions of the repealed Exchange Control Act, No.24 of 1953 shall also be effected in terms of these Directions.

Director-Department of Foreign Exchange

20 November 2017

Monthly Statement of Loans and Advances to Sri Lankans Employed Abroad

Name of the Bank:

Reporting Month & Year:

Type of Loan	Name of the Borrower	Date of granting the Loan	Tenure of the Loan	Amount Granted	Purpose of the Loan	Nature of Security
Foreign Currency Loans (Indicate the type of foreign currency)						
Sri Lanka Rupee Loans						

We certify that the above information extracted/generated from the books of accounts of the bank as accurate.

Name of the Authorized Officer :

Name of the Compliance Officer :

Signature :

Signature :

Date :

Date :