



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

DIRECTIONS No. 04 OF 2021 UNDER FOREIGN EXCHANGE ACT, No. 12 of 2017

Directions issued to Authorized Dealers on Personal Foreign Currency Accounts (PFCAs)

In terms of the Foreign Exchange (Opening and Maintenance of Accounts for the purpose of engaging in Foreign Exchange Transactions) Regulations No.05 of 2021 and Section 9 of the Foreign Exchange Act, No.12 of 2017 (the FEA), read with Sections 5, 6, 7 and 8 of the FEA, Authorized Dealers (ADs) are permitted to open and maintain PFCAs, subject to the following.

1.1 Eligible Persons

- (a) An individual including a minor who is a Sri Lankan National;
- (b) An individual of Sri Lankan origin including a minor who is a resident outside Sri Lanka;
- (c) A non-national resident in Sri Lanka including a minor;
- (d) A non-national either on temporary visit to Sri Lanka or intending to visit Sri Lanka; and
- (e) An administrator or executor of the estate of a deceased person who maintained a PFCA with an AD until the completion of the administration of the deceased person's estate.

1.2 Opening and Maintaining the Accounts

- (a) PFCAs may be opened and maintained as savings, current (without overdrawing facility) or term deposit accounts in any designated foreign currency in the domestic banking unit.
- (b) PFCAs may be held as joint accounts with another eligible person. However, non-nationals either on temporary visit to Sri Lanka or intending to visit Sri Lanka are not eligible to open and maintain these accounts as joint accounts.
- (c) In the event a PFCA is to be opened in the name of a minor who is a Sri Lankan national or of Sri Lankan origin and residing outside Sri Lanka, such accounts shall be opened by crediting remittances in foreign exchange received from their parents,



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grandparents or guardians who are residents outside Sri Lanka or transferring funds from existing PFCAs of parents, grandparents or guardians.

- (d) A new PFCA may also be opened for an individual with a deposit of foreign currency notes brought back to the country being unutilized travel allowance by such individual where such foreign currency has been purchased from an AD or a Restricted Dealer for the purpose of travelling abroad, subject to establishing bona-fide and exercising due diligence of the underlying transaction by the AD.

1.3 Permitted Credits

- (a) remittances in foreign exchange received from outside Sri Lanka in favour of the account holder through the banking system;
- (b) transfers from a PFCA of the same account holder and/or immediate family members;
- (c) transfers from a PFCA or an account maintained in the Offshore Banking Unit (OBU) of a person resident outside Sri Lanka, in respect of a current transaction;
- (d) transfers from other PFCAs or accounts maintained in the OBU, irrespective of the account holder where both parties are persons resident outside Sri Lanka, excluding for the purposes of sale/ acquisition of investments or assets in Sri Lanka;
- (e) unutilized foreign currency obtained for travel purpose by the account holder and/or immediate family member;
- (f) foreign exchange brought into Sri Lanka by the account holder on a declaration to Department of Customs where such foreign exchange exceeds USD 15,000 or its equivalent in other foreign currencies or an appropriate declaration to the AD where such foreign exchange is less than or equals USD 15,000 or its equivalent in other foreign currencies;
- (g) unutilized balance remaining in the Foreign Travel Card (FTC) of the account holder or his/her immediate family members, up to the amount such FTC had been funded from the same PFCA of the account holder;

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- (h) transfers from a Business Foreign Currency Account (BFCA), Inward Investment Account (IIA) or an account maintained in the OBU of the same account holder;
- (i) transfers from a Diplomatic Foreign Currency Account of a person resident outside Sri Lanka, in respect of supply of goods and services;
- (j) coupon income, sale/maturity proceeds and any other related receipts arising from investments made in Sri Lanka Development Bonds (SLDBs) in foreign currency, if the original investment had been made by debiting the PFCA of the account holder;
- (k) transfers from an Outward Investment Account (OIA) being any income or capital proceeds received from outward investments, where such investments had been made by debiting the PFCA of the same account holder or by utilizing the funds transferred to an OIA from the PFCA of the same account holder, proportionately to the contributions;
- (l) transfers from an OIA of another person (i.e. buyer) being proceeds from sale of a permitted investment in overseas to such buyer, where the original investment had been made by debiting the same PFCA of the account holder;
- (m) where account holder is an emigrant resident outside Sri Lanka or an emigrant leaving Sri Lanka (initially or subsequently), transfer of eligible migration allowance and current income derived in Sri Lanka from the Capital Transactions Rupee Account (CTRA) or Emigrants' Remittable Income Account (ERIA), if available, of the account holder;
- (n) where account holder is a non-national resident in or outside Sri Lanka (including a minor) transfer of funds correspondence to permitted debits stated in Paragraph 5 (c) of the Directions No. 16 of 2021 dated 18 March 2021 on CTRAs;
- (o) where account holder is employed in Sri Lanka being a non-national or a dual citizen; transfers from BFCAs, accounts maintained in the OBU or Sri Lanka Rupee Accounts of the employer or of the Employees' Provident Fund, Employees' Trust Fund or any other approved provident funds declared by the Commissioner General of Labour in respect of salaries, employment and retirement benefits or any other payments due to such employee;

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- (p) transfers from a PFCA of a deceased person; where the account holder is a nominee or an administrator or executor of the estate of such deceased person as eligible under item (e) of Paragraph 1.1 above;
- (q) in respect of an existing account holder being a person resident in Sri Lanka who is nominated as a beneficiary; transfers from an IIA of an administrator/executor of the estate of a deceased person or a receiver/ liquidator of a Company;
- (r) where account holder is a citizen of Sri Lanka rendering services outside Sri Lanka to an overseas employer; transfers from a BFCA of a company incorporated in Sri Lanka which has arrangements with the overseas employer for the disbursement of wages and/ or earnings to the account holder;
- (s) where account holder is a citizen of Sri Lanka working abroad in a vessel/ air craft owned by a local shipping/ airline company; transfers from a BFCA or an account maintained in the OBU of such local shipping/ airline company (i.e., employer) in respect of crew salaries/ wages and other related employment and retirement benefits;
- (t) maturity proceeds including interest on the Special Deposit Accounts (SDAs) opened and maintained by the account holder in terms of the Regulations and Directions issued under FEA applicable for SDAs; and
- (u) interest earned in foreign currency on the funds held in the account.

1.4 Permitted Debits

- (a) any outward remittances made outside Sri Lanka in respect of current transactions of the account holder and/or immediate family members who are persons resident in Sri Lanka;
- (b) any outward remittances made outside Sri Lanka in respect of capital transactions of the account holder being a person resident in Sri Lanka;
- (c) any outward remittances made outside Sri Lanka for any purpose where account holder is a person resident outside Sri Lanka;
- (d) disbursements in Sri Lanka in Sri Lanka Rupees;
- (e) transfers to a PFCA of the same account holder and/or immediate family members;

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- (f) transfers to a BFCA or an account maintained in the OBU of the same account holder;
- (g) transfers to a PFCA or an account maintained in the OBU, of a person resident outside Sri Lanka in respect of a current transaction;
- (h) transfers to other PFCAs or accounts maintained in the OBU, irrespective of the account holder where both parties are persons resident outside Sri Lanka, excluding for the purposes of acquisition of investments or assets in Sri Lanka;
- (i) payments for making investments in SLDBs in foreign currency utilizing funds in the PFCA of the account holder;
- (j) transfers to an OIA of another person (i.e. seller) being payments for purchase of a permitted investment in overseas which have been made by the seller through the same OIA;
- (k) withdrawal in foreign currency notes up to USD 5,000 or equivalent in any other foreign currency or transfer of funds for uploading a FTC for travel purpose of the account holder and/or immediate family members (per person) in terms of the Directions issued under FEA in respect of current transactions;
- (l) transfer of funds for repayment/ service of loans and advances obtained by the account holder in terms of the Directions No. 10 of 2021 dated 18 March 2021 on Loans and Advances to Sri Lankans Employed Abroad (other than emigrants);
- (m) transfer of funds to a Foreign Currency Loan Account (FCLA) or to an LKR Loan Account (LLA) of the same account holder for the repayment/ service of loans obtained in terms of the Directions No.11 of 2021 dated 18 March 2021 on Loans to Sri Lankans, resident outside Sri Lanka on Permanent Residency Visa in another country and dual citizens;
- (n) where account holder is a non-national resident outside Sri Lanka who is on temporary visit to Sri Lanka, withdrawals in foreign currency;
- (o) where account holder is a person resident outside Sri Lanka or a non-national resident in Sri Lanka transfers to an IIA of the same account holder;
- (p) where account holder is a non-national or a dual citizen employed in Sri Lanka being; transfers to BFCAs, accounts maintained in the OBU or Sri Lanka Rupee

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Accounts of the employer in respect of overpayment of salaries, employment and retirement benefits or any other payment due to such employer;

- (q) where account holder is a citizen of Sri Lanka working abroad in a vessel/ aircraft owned by a local shipping/ airline company; transfers to a BFCA or an account maintained in the OBU of such local shipping/ airline company (i.e., employer) being overpayment of crew salaries/ wages and other related payment due to such employer;
- (r) where account holder is a citizen of Sri Lanka working abroad; transfers to BFCAs of the Insurance Companies regulated by the Insurance Regulatory Commission of Sri Lanka (IRCSL) being insurance payments in respect of insurance policies issued to secure foreign currency denominated housing loans granted to the account holder; and
- (s) outward remittance of funds for any purpose of the account holder, where such funds have been remitted to Sri Lanka in terms of the Section 8 (3) of the FEA.

2. Reporting Requirement

- (a) ADs 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) ADs are required to implement a system within the bank in order to generate or extract relevant information from the books of accounts of their respective banks, as per the above reporting requirement.

3. ADs shall require prior permission of the Director- Department of Foreign Exchange, for any transaction or transfer to/ from PFCAs for any purpose which falls outside the purview of these Directions.

4. For the purpose of these Directions;

- (a) **“Immediate family members”** shall mean, spouse, parents and children;
- (b) **“Remittances”** shall include telegraphic transfers, other interbank transfers, bank drafts, other payment instruments, payments received via other internationally



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- accepted payment mechanisms or platforms and funds received from exchange companies/houses in foreign currency from abroad, other than currency notes;
- (c) “**Current transactions**” shall have the same meaning as in the Foreign Exchange Act, No. 12 of 2017;
- (d) “**Capital transactions**” shall have the same meaning as in the Foreign Exchange Act, No. 12 of 2017.
5. Directions No. 03 of 2017 dated 20 November 2017 and Directions No. 07 of 2020 dated 07 October 2020 issued to ADs specifying requirements related to operating of PFCAs are hereby rescinded.
6. The revocation of previous Directions referred to in Paragraph 5. above shall not affect any rights accrued on or penalties or liabilities incurred, under them prior to the revocation.
7. 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.
8. These Directions shall come into operation with effect from **22 March 2021**.

Director-Department of Foreign Exchange

18 March 2021

Monthly Statement of Personal Foreign Currency Accounts (PFCAs)

Name of the Bank:

Reporting Month & Year:

Type of Currency	Opening Balance		Credits					Debits						Closing Balance	
	No.of Accounts	Amount	Inward remittances from abroad	Transfers from other accounts	Total interest credited	Other credits	Total	Outward remittances made outside Sri Lanka	Transfers to other accounts	Other debits	Repayment of loans and advances under the scheme of loans and advances to Sri Lankans employed abroad	Transfer of funds to loan accounts of Sri Lankans, resident outside Sri Lanka on PR in another country and dual citizens	Total	No. of Accounts	Amount
AUD															
CAD															
CHF															
Other Designated Foreign Currency *															

*You may extend the rows needed for other designated foreign currencies.

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

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

Name & Designation of the Authorized Officer :.....

Signature & Seal :.....

Date :.....

Name of the Compliance Officer :.....

Signature :.....

Date :.....