



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

DIRECTIONS NO. 01 OF 2025 UNDER THE FOREIGN EXCHANGE ACT, NO. 12 of 2017

Directions issued to Restricted Dealers who are engaged in Money Changing Business

In terms of section 9 read with section 4(2) and section 6 of the Foreign Exchange Act, No. 12 of 2017 (the Act), Restricted Dealers who are permitted to engage in buying, selling and exchanging foreign currency notes will be referred to as an “Authorized Money Changer” who will be categorized as follows:

Category A: Companies exclusively engaged in money changing business

Category B: Entities, regulated by CBSL other than Authorized Dealers. (i.e. Licensed Finance Companies and Licensed Specialized Banks)

Category C: Hotels

Category D: Other entities (e.g. retail chains)

And, such Authorized Money Changers are required to comply with the following:

A. Directions applicable to all Authorized Money Changers

1. Permission under the Act

- 1.1. Every Authorized Money Changer shall have a money changing permit (permit) issued by the Director, Department of Foreign Exchange specifying a period to engage in buying, selling and exchanging foreign currencies and such permit shall not be transferable.
- 1.2. The permit shall be clearly displayed at each business place of the Authorized Money Changer.
- 1.3. The Authorized Money Changer shall display the name board including the permit number and the Logo given in the **Annex 1**.
- 1.4. Every Authorized Money Changer shall comply with the Act, orders, regulations and directions issued thereunder as applicable, and terms and conditions of the permit at all times.
- 1.5. The terms and conditions of the permit granted may be amended from time to time by the Director, Department of Foreign Exchange and will be notified to the Authorized Money Changer.
- 1.6. Every Authorized Money Changer shall satisfy the *bona fide* of the transactions at all time.

2. Restriction of Business Operations

- 2.1 Except for AMCs of Category B, C and D, no business activity shall be carried out by the Authorized Money Changer other than money changing business activities provided that Authorized Money Changers who are currently engaged in business activities other than money changing business, shall be given a period of two (02) years from the date hereof, to comply with this direction.



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3. Maintenance of Minimum Capital Requirement

3.1 The Authorized Money Changer, at all times, shall maintain the minimum capital requirement as determined in the operational guide¹ issued by the Director, Department of Foreign Exchange from time to time.

4. Fitness and Propriety of Directors, and the Key Management Personnel

4.1 The Directors, and the Key Management Personnel of the Authorized Money Changer shall be fit and proper persons to conduct money changing business activities at all times in terms of the criteria stipulated by the Central Bank of Sri Lanka in **Annex 2**.

4.2 The Authorized Money Changer shall obtain the prior written approval from the Director, Department of Foreign Exchange for new appointment of a director or a key management personnel of the Authorized Money Changer.

4.3 The Authorized Money Changer shall inform the Director, Department of Foreign Exchange regarding any removal, resignation, death of any director or key management personnel **within three (03) working days** from such event.

5. Authorized Persons to carry out Money Changing Business

5.1 Every Authorized Money Changer shall maintain an updated list of names of employees who are involved in the money changing business, together with their designations and specimen signatures, national identity/passport copies and police clearance certificate at all times and shall be made available for verification by the officers of the Department of Foreign Exchange.

5.2 No person other than those who are mentioned under paragraph 5.1 above shall engage in the business of Authorized Money Changers.

6. Authorized Place of Business

6.1 The Authorized Money Changers shall engage in transactions prescribed in the permit at the authorized places of business which shall be maintained exclusively to carry out the money changing business provided that Authorized Money Changers who are currently engaged in business activities other than money changing at the authorized place of business, shall be given a period of two (02) years from the date hereof, to comply with this direction.

6.2 The Authorized Money Changer shall obtain prior approval from the Director, Department of Foreign Exchange for opening a new place of business and/or relocation.

6.3 The Authorized Money Changer shall notify the Director, Department of Foreign Exchange three (03) working days prior to the intended closure of a place of business.

¹ The latest operational guide is published on the website www.dfe.lk for the information of the interested parties



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7. Cease of Business Operations

- 7.1 The Authorized Money Changer shall notify the Director, Department of Foreign Exchange on the intention to cease of the business operations, together with the certified copy of the relevant resolution passed by its Board of directors to that effect.
- 7.2 The Authorized Money Changer shall surrender all foreign currency in hands to respective Authorised Dealer /s at the time of the cease of the business operation and submit documents to prove the surrender of such currencies to respective Authorised Dealer/s and, original permit within three (03) working days from the date of cease to the Director, Department of Foreign Exchange.

8. Name change of an Authorized Money Changer

- 8.1 No Authorized Money Changer shall effect any change in its name without the prior approval of the Director, Department of Foreign Exchange.

9. Conduct of Money Changing Operations

- 9.1 The Authorized Money Changer shall have a pre-agreement with Authorized Dealers to surrender foreign currencies purchased by them.
- 9.2 Authorized Money Changer, prior to purchasing, exchanging and sales of foreign currency notes shall verify that such notes are not counterfeited and/or demonetized by the issuing authority of the respective country.
- 9.3 Authorized Money Changer shall **not purchase** foreign currencies at a higher exchange rate or **offer** a higher exchange rate to purchase foreign currencies from customers, than the exchange rates offered by Authorized Dealer/s with whom the Authorized Money Changer maintains accounts to deposit foreign currencies.
- 9.4 Authorized Money Changer who is **not eligible to sell** foreign currencies against Sri Lanka Rupees, shall deposit the foreign currencies into a separate Account/s, as applicable, maintained with an Authorized Dealer/s within **three (03) working days** from purchases and exchange of foreign currencies.
- 9.5 Every Authorised Money Changer shall issue a system generated receipt to customers for each transaction in such form or manner as prescribed by Director, Department of Foreign Exchange.
- 9.6 Every Authorised Money Changer shall maintain dual control system, requiring two people for entering and authorizing transactions exceeding USD 2,500 or equivalent in any other foreign currencies.
- 9.7 The Authorized Money Changer shall display daily rates of exchange at which foreign currency notes may be purchased, sold or exchanged in a place, visible to customers, at each authorized place of business.



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10. Record Keeping Requirements

- 10.1. All transactions shall be automated by installing appropriate operating software in conducting money changing business, which shall be capable to generate periodic reports centrally, and in such form or manner as determined by the Director, Department of Foreign Exchange.
- 10.2. The Authorized Money Changer shall make arrangements to implement a back-up arrangement to store records of all such transactions.
- 10.3. Daily purchases and deposit of foreign currency carried out by Authorized Money Changers shall be reported to the Department of Foreign Exchange **daily** through the Web Based Reporting System introduced by the Department of Foreign Exchange.

11. Regulatory Reporting Requirements

- 11.1 Every Authorized Money Changer shall furnish monthly statement of deposits of foreign currency confirmed by respective Authorized Dealer(s), to the Department of Foreign Exchange **on or before 07 working day** of the following month in the form and manner as specified by Director, Department of Foreign Exchange by email to dfem@cbsl.lk.

12. Closed -Circuit Television System

- 12.1 Every Authorized Money Changer shall install Closed-Circuit Television System (CCTV) at each place of business, complying with the specifications given by Director, Department of Foreign Exchange.
- 12.2 Every Authorized Money Changer shall take necessary precautions and timely actions to make sure uninterrupted operations of CCTV System.
- 12.3 Every Authorized Money Changer shall maintain CCTV recordings for a minimum period of **sixty (60) days** and shall provide the same upon the request of Director, Department of Foreign Exchange or any officer authorized by Director, Department of Foreign Exchange.

13. Audited Financial Statements

- 13.1 Audited accounts of the Authorized Money Changer shall be furnished to the Department of Foreign Exchange within **six (06) months** from the end of each financial year.

B. Directions applicable for Authorized Money Changers who are permitted to sell foreign currencies against Sri Lanka Rupees

14. All sales of foreign currency notes shall be made at competitive market rates and on applications made on "Form I" as specified by Director, Department of Foreign Exchange.
15. Authorized Money Changers shall sell foreign currency notes to residents in Sri Lanka only for the purpose of foreign travels after obtaining documents given in **Annex 3** that are necessary to satisfy the bona-fide of the requests.



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16. The Authorized Money Chagares are permitted to sell foreign currency notes not exceeding USD 5,000 or equivalent in other convertible foreign currencies, per travel per person with a mandatory endorsement on the passport.
17. When issuing such foreign currency notes to person who are travelling, the Authorized Money Chagares shall verify endorsements on the passport to ensure that such person is not issued foreign currency notes more than USD 5,000 or equivalent in other convertible foreign currencies, in aggregate per travel.
18. Authorized Money Changer shall deposit the balance amount into a separate account/s maintained with an Authorized Dealer/s, as required in the operational guide, **within five (05) working days** from such purchases.

C. Directions applicable only for Authorized Money Changers of Category B

19. All transactions on buying, selling and exchanging of foreign currency notes shall be made at competitive market rates.
20. Foreign currency notes purchased by the Authorized Money Changer shall be deposited into separate account/s permitted by the Department of Foreign Exchange and maintained with an Authorized Dealer as required in the operational guide.

D. Directions applicable only for Authorized Money Changers of Category C

21. Authorized Money Changer shall not sell foreign currency against Sri Lanka Rupees.
22. Authorized Money Changer shall deposit the foreign currency notes purchased into an Account maintained with an Authorized Dealer/s as required in the operational guide, **within fourteen (14) days** from such purchases.

E. Other Directions

23. Nothing permitted by these Directions shall be construed as exempting, absolving or preventing Authorized Money Changers by buying, selling and exchanging foreign currency under the Directions issued by the Central Bank, from the requirement to comply with the provision of any other law.
24. Directions No.11 of 2020 dated 15 December 2020 and Directions No. 05 of 2022 dated 15 June 2022 issued to Restricted Dealers who are solely engaged in money changing business (Money Changers), are hereby rescinded.
25. The rescission of previous Directions referred to in paragraph 24 above shall not in any manner affect any rights accrued, penalties imposed or liabilities incurred, or any other regulatory action taken by the Director, Department of Foreign Exchange or CBSL thereunder, on Authorized Money Changers, prior to the rescission.



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26. Definitions for the purpose of this Directions:

a. “Authorized Money Changers” means;

Restricted Dealers (RDs) who are permitted to engage in buying, selling and exchanging foreign currencies, in terms of section 9 read with section 4(2) of the Act.

b. “Authorized Places of Business” means;

The places of business of Authorized Money Changer permitted by the Director, Department of Foreign Exchange to deal in foreign exchange in terms of section 4 (2) of the FEA.

c. “Authorized Dealer” means;

Authorized Dealer in terms of section 33 of the FEA.

d. “Authorized Signature” means;

The signature of the person authorized by the Restricted Dealer to engage in the business referred in these directions.

e. “Hotels” means: Hotels graded as four stars and above and registered under the Sri Lanka Tourist Development Authority.

f. “Key Management Personnel” means; the personnel who oversees the overall operations of the Authorized Money Changer.

g. “Licensed Bank” means; a licensed commercial bank or a licensed specialized bank.

h. “Resident” means; the residency of a person may be determined in terms of the Order issued by the Minister in charge of the Central Bank under section 31(3) of FEA.

Director

10th March 2025



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Annex 1-Logo





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Annex 2- Criteria for the assessment of Fitness and Propriety of the Directors and the Key Management Personnel (persons who oversee overall operations of the money changing business) of the Authorized Money Changers:

1. that such person is not being subjected to any proceedings investigation or inquiry in respect of an act of fraud, deceit, dishonesty or any other improper conduct, conducted by the police, any regulatory or supervisory authority, professional association, commission of inquiry, tribunal or any other body established by law, in Sri Lanka or abroad;
2. that such person is not found guilty in respect of an act of fraud, deceit, dishonesty or any other improper conduct, by any regulatory or supervisory authority, professional association, commission of inquiry, tribunal or any other body established by law, in Sri Lanka or abroad, at any time during the period of ten (10) years immediately prior to being so appointed or elected;
3. that such person has not been convicted by any court in Sri Lanka or abroad in respect of offence involving an act of fraud, deceit, dishonesty or any other improper conduct at any time during the period of ten (10) years immediately prior to being so appointed or elected;
4. that such person has not been declared insolvent or declared bankruptcy by any court in Sri Lanka or abroad;
5. that such person has not failed to satisfy any judgment or order of any court whether in Sri Lanka or abroad, or to repay a debt;
6. that such person has not been declared by a court of competent jurisdiction in Sri Lanka or abroad, to be of unsound mind;
7. that such person has not been removed or suspended by a regulatory or supervisory authority from serving as a director, chief executive officer or other employee in any licensed bank, licensed finance company or any other financial institution established by law in Sri Lanka or abroad;
8. that such person has not been a director, chief executive officer or held any other position of authority in any licensed bank, licensed finance company or any other financial institution established by law; whose license/permit or business has been cancelled/revoked or suspended on grounds of regulatory concerns as determined by the Central Bank or any other regulatory/supervisory authority.
9. that the age of such persons who serves as a director or key management personnel shall not exceed the age in accordance with the Companies Act, No. 07 of 2007 (as amended).



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Annex 3-Documents required for issuing of foreign currency notes for travel abroad

	Purpose of Travel	Indicative Documents List
1	Holiday & Pilgrimage	(i) a valid visa for the country to be visited, if a visa is required; and (ii) a return air ticket for travel.
2	Business purposes	(i) a valid visa for the country to be visited, if a visa is required; and (ii) a letter confirming the position held by the applicant in the business organization, whether as director, partner, sole proprietor, or employer; (iii) a return air ticket for travel.
3	Official purposes	(i) a valid visa for the country to be visited, if a visa is required; (ii) a letter from the Secretary to the Ministry or head of the government Department or the institution in which the applicant is employed confirming the applicant's nomination for travel for an official purpose; and (iii) letter of approval granted by the President or the Prime Minister, as the case may be, permitting the applicant to leave the country; (iv) a return air ticket for travel.
4	Private training courses	(i) a valid visa, if required for the country of travel; (ii) a letter nomination of the applicant from the applicant's employer containing the EPF number of the applicant; (iii) documentary evidence from the training institution of the country of training that the applicant has been accepted for training; (iv) a return air ticket for travel
5	Sports	(i) a valid visa for the country to be visited, if a visa is required; (ii) a letter of nomination of the applicant by the sports body and a letter of recommendation by the Ministry responsible for sports; (iii) where the applicant is a public officer, a letter of approval granted by the President or the Prime Minister, as the case may be, permitting the applicant to leave the country; (iv) where the applicant is a member of the Defense forces or the Police Force, a letter of approval by the Ministry responsible for defense. (iv) a return air ticket for travel.
6	Conferences, seminars and workshops	(i) a valid visa, if required, for the country where the conference, seminar or workshop is held; (ii) a letter of invitation for the applicant from the country; (iii) a letter of nomination of the applicant by the employer for participation in the conference, seminar or workshop; or any document showing the applicant's eligibility for such participation; (iv) a return air ticket for travel.
7	Education	(i) certificate of enrolment as a student from a recognized educational institution abroad and documentary evidence from the same institution regarding his expenses. (ii) a student visa



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8	Medical	(i) an invoice or an estimate from recognized nursing home/ hospital abroad regarding medical expenses, doctors and nursing chargers etc.. together with a recommendation from a local medical specialist. (ii) a valid visa
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