



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

**DIRECTIONS No. 05 OF 2020 UNDER FOREIGN EXCHANGE ACT, No.12 of 2017**

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**Directions issued to Authorized Dealers on Loans and Advances to Sri Lankans Employed Abroad (other than emigrants)**

In terms of Section 9 (2) of the Foreign Exchange Act, No. 12 of 2017 (the FEA) read with Section 7 (10) of the FEA, Authorized Dealers (ADs) are hereby informed that **Paragraph 4.** of Directions No. 10 of 2017 dated 20 November 2017 on Loans and Advances to Sri Lankans Employed Abroad, is hereby repealed and substituted with the following, with immediate effect.

- 4. (I).** The tenure, security and repayment/ service of loans and advances either denominated in foreign currency or Sri Lanka Rupees shall be in terms of the regulations.
- (II).** ADs shall carry out recovery of these loans granted in terms of the regulations, in Sri Lanka Rupees, as a last resort where necessary when recovery of such loans in foreign currency is remote. In this regard ADs shall;
- a.** require to convert foreign currency denominated loans in to Sri Lanka Rupee denominated loans.
  - b.** shall satisfy and require to maintain necessary documentary evidence to the effect that Sri Lankans employed aboard (i.e. borrowers) does not receive sufficient foreign exchange from his/ her employment in overseas or have foreign currency assets including balances in the foreign currency accounts to service the loans full on time, as agreed in the respective loan agreements and the borrowers have been taken all measures to recover loans in foreign currency.

**(III).** When complying with 4 (II) above, ADs shall also refer to the details in respect of **Relaxations on Classification of loans and advances and recovery of foreign currency loans** as specified in the letter dated 27 March 2020 issued to Chief Executive Officers of all ADs by the Governor of the Central Bank of Sri Lanka (CBSL) informing of the Extraordinary Regulatory Measures taken by the CBSL to provide flexibility to support businesses and individuals affected by the outbreak of COVID-19 and any further instructions given/ clarifications made by the Director of Bank Supervision Department of CBSL to that effect.

**Director**

**Department of Foreign Exchange**

**16 April 2020**