



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

**DIRECTIONS No. 03 OF 2020 UNDER FOREIGN EXCHANGE ACT, No.12 of 2017**

**Directions issued to Authorized Dealers on Loans to Business Foreign Currency Account (BFCA) holders**

In terms of Section 9 of the Foreign Exchange Act, No. 12 of 2017, Authorized Dealers (ADs) are hereby informed that **Paragraph (5)** of the Directions No. 09 of 2017 on Loans to BFCA holders dated 20 November 2017 is hereby repealed and substituted with the following, with immediate effect.

**(5) (I)** ADs shall carry out recovery of loans in Sri Lanka Rupees, where necessary, as a last resort upon converting such loans granted in foreign currency to Sri Lanka Rupee denominated loans. In this regard ADs shall satisfy and require to maintain necessary documentary evidence to the effect that BFCA holder (i.e. borrower) does not receive foreign exchange cashflows in its normal course of business to service the loan full on time, as agreed in the respective loan agreement.

**(II)** When complying with 5 (I) 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.

**Director**

**Department of Foreign Exchange**

**03 April 2020**