



**DEPARTMENT OF FOREIGN EXCHANGE  
CENTRAL BANK OF SRI LANKA  
DIRECTIONS No. 19 of 2021 UNDER FOREIGN EXCHANGE ACT, No. 12 of 2017**

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**Directions issued to Authorized Dealers on External Commercial Borrowing Accounts**

In terms of the Foreign Exchange (Classes of Capital Transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 02 of 2021 (the regulations) and Section 9 read with Section 6 and 7 of the Foreign Exchange Act, No. 12 of 2017 (FEA), Authorized Dealers (ADs) are permitted to open and maintain External Commercial Borrowing Accounts (ECBAs) in the Domestic Banking Unit, subject to the followings.

**2. Eligible Persons**

- (a) Companies incorporated in Sri Lanka under the companies Act, No 7 of 2007.

**3. Opening and maintaining the ECBAs**

- (a) ECBAs may be opened and maintained in the form of Savings or Term Deposit accounts in any designated foreign currency or in Sri Lanka Rupees and shall be held as sole accounts.

**4. Permitted Credits**

- (a) Remittances/ transfers of proceeds of the loan obtained by the accountholder from an overseas lender, from an account maintained outside Sri Lanka or an Inward Investment Account or an account maintained in the Off-shore Banking Unit, of such lender.
- (b) Transfers from an Outward Investment Account or Business Foreign Currency Account, an account maintained in the Off-shore Banking Unit or Sri Lankan Rupee account, of the accountholder, for the purpose of servicing the loan.
- (c) Transfers from another ECBAs of the same accountholder.
- (d) Interest earned on the funds held in the account.

**5. Permitted Debits**

- (a) Remittance/ transfers of funds to an account maintained outside Sri Lanka or an Inward Investment Account or an account maintained in the Off-shore Banking Unit, of the



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lender, for the purpose of servicing and repayments of the loan, in terms of the loan agreement.

- (b) Transfers of loan proceeds, to a Sri Lanka Rupee account of the account holder.
- (c) Transfers of loan proceeds, to an Outward Investment Account of the account holder only if the loan has been obtained for the purpose of financing outward investments, as permitted in the Foreign Exchange (the Classes of Capital Transactions Undertaken Outside Sri Lanka by a Person Resident in Sri Lanka) Regulations No. 01 of 2021 or in terms of the provisions of the repealed Exchange Control Act or the FEA.
- (d) Remittances in respect of current transactions of the account holder.
- (e) Transfers to the ECBAs of the same account holders.
- (f) Bank charges, fees, commissions, etc. payable with respect to the loan.
- (g) Disbursement in Sri Lanka in Sri Lanka Rupees.

**6. Other Conditions**

- (a) ADs shall open an ECBA savings in respect of receiving the proceeds of each loan and all repayments (including interest) of such loan shall be made through the same ECBA. An affidavit on this effect shall be obtained by the AD from the borrower at the time of opening an ECBA.
- (b) ECBA Term Deposit may be opened only for the purpose of keeping it under lien for a Sri Lanka Rupee loan to be obtained by the account holder from an AD, in order to mitigate foreign exchange risk. Such account holders shall make the repayments of the capital of the said foreign currency loan utilizing the funds in the ECBA Term Deposit and rupee conversions will not be permitted for these purposes. Interest on the ECBA Term Deposit shall also be utilized for the repayment of the interest of the foreign currency loan and rupee conversions may be permitted for any shortfall of the repayment of the interest of the said foreign currency loan.
- (c) ECBA Term Deposits are confined only to the permitted credits and debits under subparagraph (c), (d) of paragraph 4 and subparagraph (b) (e) (g) of paragraph 5 these

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Directions, respectively. ADs shall obtain a consent of the accountholder on the condition stated under paragraph 6(b) of these Directions at the time of opening the ECBA Term Deposit appropriately.

- (d) ADs shall obtain proper legally acceptable documentary evidence (as required) including the following information/documents, to establish the legality and *bona-fide* of the transactions made through the ECBA and ensure the compliance to the regulations and these Directions.
- i. A certified copy of the loan agreement including the repayment schedule.
  - ii. Profiles of the lender and borrower.
  - iii. A copy of the Resolution passed by the Board of Directors of the company who is borrower for the approval on the proposed loan, certified by the company secretaries.
- (a) ADs shall maintain documentary evidence (either in hard copy or electronic/digital form) regarding the transactions made through the ECBA beyond any statutory record keeping requirements during the maintenance of the account.

## **7. Closure of ECBAs**

- (a) ADs shall close an ECBA, if the borrower has fully settled the respective loan.
- (b) However, in the event an ECBA holder requests for a closure of the ECBA before fully settled the respective loan, for the purpose of continue the future repayments of the said loan via a ECBA to be opened with another AD, the AD with whom the original ECBA is held, may close the ECBA only after forwarding following information/documents for the satisfaction of AD who wish to open new ECBA,
- i. A confirmation on the details of the receipt of the loan (Date, Amount with currency type, Lender, Borrower etc.), all repayments (Date, Amount, Beneficiary account details etc.) and outstanding balance.
  - ii. Documentary evidences collected from the ECBA holder, in proof of the transactions made through the ECBA.



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(c) ADs shall inform such closure to the Director- Department of Foreign Exchange via an email to [dfem@cbsl.lk](mailto:dfem@cbsl.lk), within three working days from the date of such closure.

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

**9. Reporting Requirements**

ADs shall submit a report as per the Annex of these Directions on monthly basis to the Director-Department of Foreign Exchange on or before the 15th day of following month by email to [dfem@cbsl.lk](mailto:dfem@cbsl.lk).

**10. For the purpose of these Directions**

(a) "**Remittances**" shall include telegraphic transfers, other interbank transfers, bank drafts, other payment instruments, payments received via other internationally accepted payment mechanisms or platforms and funds received from exchange companies/houses in foreign currency from abroad, other than currency notes.

11. Nothing permitted by these Directions shall be construed as exempting, absolving or preventing ADs, dealing in foreign exchange under these Directions, from the requirement to comply with the provisions of any other law.

12. Directions No. 01 of 2021 dated 15 January 2021 issued to ADs specifying requirements related to operating of Temporary Special Foreign Currency Accounts for Licensed Finance Companies are hereby rescinded.

13. These Directions shall come into operation with effect from **22 March 2021**.

**Director - Department of Foreign Exchange**

**18 March 2021**

Monthly Statement of External Commercial Borrowings Accounts (ECBAs)

Name of the Bank : .....  
 Reporting Month & Year : .....

Table 1: Details of the New Loans Granted During the Month

Details of the ECBA holder				Details of the Lender			Information of the loan									
Name	Address	Business Registration No.	Account No.	Name	Country	Lending Party *	Purpose	Date of Receipt	Currency	Amount	Tenure	If Any Grace Period	Interest Rate	Other Charges**	Collaterals	Repayment Terms***

You may extend the rows needed for the details of the ECBA holders.  
 \* May be parents, shareholders, subsidiaries, related company, individuals, bank and finance companies etc.  
 \*\* May be commitment fee, legal fee, document fee etc.  
 \*\*\* May be monthly, quarterly, semi annually, annually, bullet, other (specify)

Table 2: Details of the Loan Receivable & Repayment

Details of the ECBA holder		Currency	Balances at the beginning of the month	Credit							Debit						Balances at the end of the month			
Name	Account No.			Receipt of the loan proceeds from the lender			Credit for Loan Repayment		Interest	Any special permission from CBSL	Loan Repayment			Transfers to own accounts		Ancillary Payments		Local disbursements	Outward Remittances for Current Transactions	Any special permission from CBSL
				IIA	OBU	Account Outside Sri Lanka	Transfers (OIA, BFCA, OBU)	Rupee Conversion			IIA	OBU	Account outside Sri Lanka	LKR	OIA					

You may extend the rows needed for the details of the ECBA holders.  
 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 and Designation of the Authorized Officer : .....  
 Signature & Seal : .....  
 Date : .....

Name of the Compliance Officer : .....  
 Signature : .....  
 Date : .....