



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

DIRECTIONS No. 09 OF 2017 UNDER FOREIGN EXCHANGE ACT, No. 12 of 2017

Directions issued to Authorized Dealers on Loans to Business Foreign Currency Accounts (BFCAs) holders

In terms of Sections 9 (1) and 9 (2) of the Foreign Exchange Act, No. 12 of 2017 (the Act) read with Sections 6 and 7 of the Act, Authorized Dealers are permitted to grant loans in foreign currency from their Domestic Banking Units to persons resident in Sri Lanka who maintain Business Foreign Currency Accounts, subject to the following.

- (2) Loans may be extended to be utilized for any purpose in Sri Lanka, as may be decided by the Authorized Dealers as part of their business decisions in the course of normal banking business.
- (3) Loans under this permission shall be extended only to earners in foreign exchange who have established, to the satisfaction of the Authorized Dealer, that they receive regular cash flows in foreign exchange during its normal course of business to service the loan in full on time.
- (4) Authorized Dealers shall prudently assess the ability of BFCA holders to service the loan out of their existing or expected foreign exchange cash flows and shall maintain records to support their assessment.
- (5) Recoveries of loans in Sri Lanka Rupees shall be carried out only at a stage which is not less than 90 days from the day where the Authorized Dealer has recognized in its financial statements that the loan is fully impaired. Recovery of loans in Sri Lanka Rupees before such date shall require the prior approval of the Director-Department of Foreign Exchange.
- (6) Authorized Dealers shall furnish monthly statements on loans granted under these Directions to the Director-Department of Foreign Exchange as per the Annex I on or before the 15th day of the following month by email to dfem@cbsl.lk.
- (7) Terms and conditions and recovery of loans that have been granted to foreign exchange earners under the repealed Exchange Control Act, No.24 of 1953 shall also be effected in terms of these Directions.

Director-Department of Foreign Exchange

20 November 2017

Monthly Statement of Loans to Business Foreign Currency Accounts (BFCAs) holders

Name of the Bank:

Reporting Month & Year:

Name of the borrower	Date of granting the Loan	Type of Currency	Tenure	Amount Granted	Purpose of the Loan

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

Name of the Authorized Officer :

Signature :

Date :

Name of the Compliance Officer :

Signature :

Date :