



ශ්‍රී ලංකා මහ බැංකුව
இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

Tel : 2477424, 2477423, 2477311

Fax: 2346257, 2477739

E-mail: dcommunications@cbsl.lk, communications@cbsl.lk

Web: www.cbsl.gov.lk

Press Release

Issued By Exchange Control Department

Date 17 August 2011

Further Relaxation of Foreign Exchange Regulations

With a view to facilitating the foreign exchange transactions of the growing economy of Sri Lanka, a few new policy measures have been introduced by the Central Bank to relax the foreign exchange regulations further.

The new policy measures that will be implemented with effect from 17th August 2011 are given below:

1. Relaxation of restrictions for foreign investments in Unit Trusts

Considering the advantages in promoting the investment in Unit Trusts and to broaden the investor base in such instruments, the Budget 2011 proposed the removal of exchange control regulations in relation to investments in Unit Trusts. Following such budget proposal, the Central Bank will now allow non-residents and foreign institutional investors to invest in Sri Lankan Unit Trusts.

2. General permission for Sri Lankan students to obtain loans from foreign financial institutions

During the past few years, there has been an increase in the number of Sri Lankan students pursuing their higher education in foreign countries. Such students often need to obtain funds from foreign banking and financial sources to meet tuition fees and living expenditure while they undertake their studies abroad. For such purpose, the current regulation is that they must obtain the prior approval of the Controller of Exchange, which is quite inconvenient since the students are in a foreign country at the time the need arises.

Accordingly, it has now been decided to grant a general permission for Sri Lankan students to obtain Students' Loans from foreign financial institutions.

3. General permission for the Sri Lankan Residents to make payments to Non-Residents in respect of purchase of real estate properties in Sri Lanka

Under current regulations, resident buyers of Sri Lankan real estate properties from Non-Resident Sri Lankans are required to obtain the prior permission from the Controller of Exchange to make payments to Non-Residents.

With a view to facilitate foreign exchange transactions, it has now been decided to grant the permission under section 7 of Exchange Control Act (ECA) as a general permission for Sri Lankan resident buyers to make payments to non-resident Sri Lankans in respect of purchase of real estate properties.

4. Permission for selected supermarkets to engage in money changing business

With the improvement of the tourism industry and increased migrant workers' remittances, money changing business is expected to grow substantially in the coming years. At present, money changing businesses are mainly concentrated in the Colombo District and around the coastal belt in the Western Province, and such operations are usually available from around 9.00 a.m till around 6.00 p.m. only. In order to provide additional flexibility to those who wish to change foreign currency through formal channels, it has now been decided to grant money changing licences to selected supermarket chains since supermarkets remain open till late night on all days, including holidays.

5. New facilities for the holders of Resident Non National Foreign Currency Accounts

Foreign nationals who are residing in Sri Lanka are presently permitted to open and maintain foreign currency accounts named "Resident Non- National Foreign Currency Accounts (RNNFC)". However, expatriate employees are currently not permitted to credit their earnings received in Sri Lankan rupees, into such RNNFC accounts.

With a view to facilitating foreign exchange transactions, it has now been decided to grant permission to convert the salaries and other benefits paid in Sri Lankan Rupees to expatriate employees, into foreign currency and credit such amounts to RNNFC Accounts. As a further measure, permission will also be granted to transfer funds from accounts maintained in FCBU to the credit of RNNFC.

The Central Bank of Sri Lanka is of the view that the relaxation of the above foreign exchange regulations would enhance investor confidence, strengthen the foreign reserves in the long run and stabilize the foreign exchange market, thereby paving the way to integrating the Sri Lankan economy more closely with the global economy.