



DEPARTMENT OF FOREIGN EXCHANGE
CENTRAL BANK OF SRI LANKA

DIRECTIONS No. 11 OF 2020 UNDER FOREIGN EXCHANGE ACT, No.12 of 2017

Directions issued to Restricted Dealers who are solely engaged in money changing business (Money Changers) on Buying, Selling and Exchanging Foreign Currencies

In terms of section 9 read with section 4(2) and section 6 of the Foreign Exchange Act No. 12 of 2017 (the FEA), Restricted Dealers (RDs) are required to engage in buying, selling and exchanging foreign currencies subject to the following;

2. General Conditions

- 2.1 Every Money Changer shall have a money changing permit (permit) issued by the Director of the Department of Foreign Exchange (D/DFE) specifying a period to engage in buying, selling and exchanging foreign currencies.
- 2.2 Further to these Directions, every Money Changer shall comply with the terms and conditions stipulated in such permit.
- 2.3 The directors, substantive shareholders, ultimate beneficial owners and management of the money changing company shall be fit and proper persons to conduct money changing activities in terms of the criteria stipulated in the affidavit which shall be submitted at the time of applying for the permit.
- 2.4 Every Money Changer shall furnish to the D/DFE a separate list of names of employees who are involved in the money changing business, together with their designations and specimen signatures authorized by such Money Changer at the time of issuance of the permit. Any subsequent changes shall be informed to the D/DFE within **three (3) working days** from such changes.
- 2.5 No person/s other than those whose names and other particulars have been furnished with regard to a particular place of business under paragraph 2.4 above shall engage in the money changing business at the said place of business.
- 2.6 Money Changers shall engage in transactions prescribed in the permit at the authorized places of business which shall be maintained exclusively to carry out the money changing business. If the Money Changers wishes to engage in any other business in addition to the money changing business at the same place, it shall be notified to the D/DFE and be conducted separately from the money changing business.
- 2.7 If any Money Changer wishes to open/relocate an authorized place of business, Money Changers shall obtain prior written approval from the D/DFE to effect such change. Further, if any Money Changer wishes to close an authorized place of business, change the ownership structure and directors and transfer the shares, the Money Changer shall inform the D/DFE prior to effect such change.
- 2.8 The authorized places of business of the company shall accept only the foreign currencies that could be sold to an Authorized Dealer on pre-agreements made with them and the Money Changers shall forward separate lists of foreign currency types included in the agreements for each place of business to the D/DFE at the beginning of the year. The lists



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may be amended from time to time and such amendments shall be informed to the D/DFE within **three (03) working days**.

- 2.9 Foreign currency purchased or exchanged or the balance amount in foreign currencies after selling foreign currencies, if the Money Changer is eligible to sell foreign currencies against Sri Lanka rupees, shall be deposited into a separate Sri Lanka Rupee Account maintained with an Authorized Dealer within **five (05) working days** from such purchases and exchanges.
- 2.10 Foreign currency notes may be accepted in exchange for any foreign currency or for Sri Lanka rupees not exceeding the rate offered to the Money Changers by an Authorized Dealer with whom the Money Changers maintains an account.
- 2.11 Prior to accept and issue foreign currency notes, Money Changer shall ensure the validity of the same by verifying that such notes are not demonetized by the issuing authority of the respective country.
- 2.12 Money Changers shall install Closed-Circuit Television System (CCTV) at each place of business, enabling the Department of Foreign Exchange to monitor the money changing activities conducted by such Money Changers at any time, complying with the specifications given by D/DFE.
- 2.13 Every Money Changer shall permit the officers nominated by D/DFE to conduct on-site investigations in terms of the provisions of the Foreign Exchange Act, No. 12 of 2017.
3. **Additional Directions applicable only for the Money Changers who are permitted to sell foreign currency notes against Sri Lanka Rupees;**
 - 3.1 Money Changers are eligible to sell foreign currency notes against Sri Lanka Rupees to persons resident in Sri Lanka for the purpose of foreign travels.
 - 3.2 The amount of foreign currency notes to be sold by each authorized place of business per transaction per each foreign travel to persons resident in Sri Lanka shall not be exceeded USD 5,000 or equivalent in other convertible foreign currencies. If any authorized person has already issued foreign currency notes equivalent to USD 5,000 or more for a foreign travel and if such transaction has already been endorsed in the passport, Money Changers shall not issue foreign currencies again for the same travel. However, if such authorized person has issued foreign currencies less than USD 5,000 or equivalent in other convertible foreign currencies, Money Changers are permitted to sell the balance amount up to a limit of USD 5,000 or equivalent in other currencies with due endorsement in the passport using due diligence.
 - 3.3 The Money Changers may issue foreign currencies subject to the limit given in the paragraph 3.2 above after obtaining documents given in the table in **Annex 1** that are necessary to satisfy with the bona-fide of the request.
 - 3.4 The residency of a person may be determined in terms of the Order issued by the Minister in charge of the Central Bank under section 31(3) of FEA.



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3.5 All sales of foreign currency notes against Sri Lanka Rupees shall be made at competitive market rates and on applications made on “Form I” as in the **Annex 2**.

3.6 All sales of foreign currencies shall be endorsed in the specific pages reserved for this purpose in the passport of the person who requests such foreign currencies, with an authorized signature on a rubber stamp.

4. Record Keeping Requirements

4.1 All transactions shall be automated by installing a suitable operating software for conducting foreign exchange activities in each place of business.

4.2 The company shall not effect any transaction without recording in the automated system and without issuing a receipt. Further, a transaction recorded in the automated system shall not be deleted under any circumstance. If any mismatch is identified in the foreign currency amounts recorded in the automated system after authorizing the transaction, the company shall immediately rectify such error after informing forthwith to the D/DFE.

4.3 The company shall make arrangements to implement a back-up arrangement to store records of all such transactions.

4.4 Receipts

i. The receipt shall be issued by the Money Changers at the time of buying, selling or exchanging foreign currency notes.

ii. Printing receipts

Receipts shall be printed through such automated system in serial number order and issued to all customers at the time of transaction. The address of the place of business shall be clearly indicated in the receipt.

iii. Specifications of the receipts

a. For the Money Changers who are permitted **only to buy and exchange** foreign currency notes - The receipt shall contain information specified in **Annex 3**.

b. For the Money Changers who are permitted **to sell** foreign currency notes against Sri Lanka Rupees -The receipt shall contain information specified in **Annex 4**.

iv. Data shall be entered in to all fields in the receipt.

v. It is required to maintain dual control (requiring two people to engage) in entering and authorization of transactions to the system. All transactions shall be authorized by the Authorized Officer immediately prior to issuing the receipt to the customer.

vi. Receipts shall be clear, legible and printed in two copies. The original receipt shall be issued to the customer and the second copy shall be retained by the company and the facility to retrieve the records of issuing receipts shall be available in the automated system.



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4.5 Purchase and Sales Register

- i. **Purchase Register** – All transactions related to purchases of foreign currency notes shall be recorded in the automated system at the time of transaction, enabling to generate the purchase register as per the specimen given in **Annex 5**.
- ii. **Sales Register** - (Only for the Money Changers who are permitted to sell foreign currency notes against Sri Lanka Rupees) - All transactions in relation to selling foreign currency notes against Sri Lanka Rupees shall be recorded in the automated system at the time of transaction, enabling to generate the sales register as per the specimen given in **Annex 6**.
- iii. The identification of the Authorized Officer of the Money Changers shall be clearly indicated in the Register.
- iv. Separate registers shall be maintained at each place of business.

4.6 Filling and retaining of “Form I”

Money Changers shall retain Form I referred to in paragraph 3.5 above along with documentary evidence required to satisfy with the *bona-fide* of underlying transactions within the authorized places of business enabling regular investigations by the Central Bank of Sri Lanka.

4.7 Balance Statements

- i. The automated system shall be capable to generate balance statements summarizing transactions daily and monthly for each place of business.
- ii. Specifications of the Balance Statement
 - a. For the Money Changers who are permitted **only to buy and exchange** foreign currency notes - Automated systems of the Money Changers shall be capable to generate balance statements according to the format given in **Annex 7**.
 - b. For Money Changer who are permitted to **sell** foreign currency notes against Sri Lanka Rupees - Automated systems of the Money Changers shall be capable to generate balance statements according to the format given in **Annex 8**.

4.8 The Money Changers shall be capable to make available receipts, the Purchase Register, the Sales Register and Balance Statements as and when required by the D/DFE or any other officer nominated by D/DFE.

4.9 The Money Changer shall comply with statutory record keeping requirements, in terms of section 9(5) of the FEA and the Financial Transactions Reporting Act, No. 06 of 2006.



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5. Reporting Requirements

5.1 Daily purchases of foreign currency

Daily purchases of foreign currency carried out at each authorized place of business shall be reported separately to the Department of Foreign Exchange **during the day** through the Web Based Reporting System introduced by the Department of Foreign Exchange.

5.2 Daily sales of foreign currency

Daily sales of foreign currency carried out by the Money Changers who are permitted to sell foreign currency notes against Sri Lanka Rupees at each authorized place of business shall be reported separately to the Department of Foreign Exchange **during the day** through the Web Based Reporting System introduced by the Department of Foreign Exchange.

5.3 Monthly Statement of Deposits

(i) Monthly statements of deposits of foreign currency shall be generated through the automated system.

(ii) Hard copies of monthly statement of deposits of foreign currency prepared separately for each place of business and confirmed by respective Authorized Dealer(s), shall be furnished to the Department of Foreign Exchange **on or before 10th working day** of the following month in the format given in **Annex 9**. Further, Money Changers are required to furnish the Microsoft Excel version of the same for each place of business by email to dfem@cbsl.lk

5.4 The company shall report all suspicious transactions to the Director, Financial Intelligence Unit, Level 14, Central Bank of Sri Lanka, No. 30, Janadhipathi Mawatha, Colombo 01, in terms of the Prevention of Money Laundering Act, No. 5 of 2005 (as amended) or Financial Transactions Reporting Act, No. 06 of 2006.

5.5 Audited accounts of the company shall be furnished to the Department of Foreign Exchange within **six (06) months** period from the end of each financial year.

6. Disclosures

6.1 The company shall display daily rates of exchange at which foreign currency notes may be bought, sold or exchanged in a conspicuous place at each authorized place of business.

6.2 The permit shall be displayed conspicuously at each authorized place of business of the company-and be produced for investigations as and when required.

6.3 The company shall display the name board including the permit number and the Logo given in the **Annex 10** with a radius of 10 inches on a board (60cmX60cm) on a white background in the colour of red {Pantone 187C (100%)} reasonably corresponding to the proportions as shown in the **Annex 10** prominently at each place of business informing the public that such place of business has been authorized for money changing.



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7. Interpretations for the purpose of this Directions:

a. “Authorized Places of Business” means;

The places of business of Restricted Dealers permitted by the D/DFE to deal in foreign exchange in terms of section 4 (2) read with section 16 of the FEA

b. “Authorized Dealer” means;

Authorized Dealer in terms of section 33 of the FEA.

c. “Authorized Person” means;

Authorized Dealer or Restricted Dealer in terms of section 4 of FEA

d. “Authorized Officer” means;

The person authorized by the Restricted Dealer to authorize foreign exchange transactions carried out at authorized places of business.

e. “Authorized Signature” means;

The signature of the person authorized by the Restricted Dealer to engage in the business referred in these directions.

**Director - Department of Foreign Exchange
15 December 2020**

Documents Required for Issuing of Foreign Currencies for Travel Abroad

| | Purpose of Travel | Documents Required |
|---|-------------------------------------|---|
| 1 | Holiday & Pilgrimage | (i) a valid visa for the country to be visited, if a visa is required; and (ii) a return air ticket for travel. |
| 2 | Business purposes | (i) a valid visa for the country to be visited, if a visa is required; and (ii) a letter confirming the position held by the applicant in the business organization, whether as director, partner, sole proprietor, or employer; |
| 3 | Official purposes | (i) a valid visa for the country to be visited, if a visa is required; (ii) a letter from the Secretary to the Ministry or head of the government Department or the institution in which the applicant is employed confirming the applicant's nomination for travel for an official purpose; and (iii) letter of approval granted by the President or the Prime Minister, as the case may be, permitting the applicant to leave the country; |
| 4 | Private training courses | (i) a valid visa, if required for the country of travel; (ii) a letter nomination of the applicant from the applicant's employer containing the EPF number of the applicant; (iii) documentary evidence from the training institution of the country of training that the applicant has been accepted for training; |
| 5 | Sports | (i) a valid visa for the country to be visited, if a visa is required; (ii) a letter of nomination of the applicant by the sports body and a letter of recommendation by the Ministry responsible for sports; (iii) where the applicant is a public officer, a letter of approval granted by the President or the Prime Minister, as the case may be, permitting the applicant to leave the country; (iv) where the applicant is a member of the Defense forces or the Police Force, a letter of approval by the Ministry responsible for defense. |
| 6 | Conferences, seminars and workshops | (i) a valid visa, if required, for the country where the conference, seminar or workshop is held; (ii) a letter of invitation for the applicant from the country; (iii) a letter of nomination of the applicant by the employer for participation in the conference, seminar or workshop; or any document showing the applicant's eligibility for such participation; |
| 7 | Education (Living expenses only) | (i) certificate of enrolment as a student from a recognized educational institution abroad and documentary evidence from the same institution regarding his expenses. (ii) a student visa |
| 8 | Medical | (i) an invoice or an estimate from recognized nursing home/ hospital abroad regarding medical expenses, doctors and nursing charges etc.. together with a recommendation from a local medical specialist. (ii) a valid visa |

Receipt to be Issued at the time of Buying and Exchanging Foreign Currency Notes Against Sri Lanka Rupees or Any Other Foreign Currency

Name, Address and Contact Details of the Authorized Place of Business

Permit No: DFE/RD/.....

Serial No: _____

Date: _____

Name of the Customer: _____

NIC/Passport No: _____

Nationality: _____

Address: _____

| Currency Type | Amount Received in Foreign Currency | Rate Offered | Amount Issued (Rs./Different Foreign Currencies) |
|---------------|-------------------------------------|--------------|--|
| | | | |
| | | | |
| | | | |
| | | | |

Signature of the customer

Signature and the stamp of the Restricted Dealer

Receipt for the Money Changers Who are Permitted to Sell Foreign Currency Notes Against Sri Lanka Rupees at the Time of Selling of Foreign Currency Notes Against Sri Lanka Rupees

Name, Address and Contact Details of the Authorized Place of Business

Permit No: DFE/RD/.....

Serial No: _____

Date: _____

Name of the Customer: _____

NIC/Passport No: _____

Nationality: _____

Address: _____

| Amount Received in LKR | Currency Type | Rate Offered | Amount Issued/ Sold in USD or other convertible foreign currencies |
|------------------------|---------------|--------------|--|
| | | | |
| | | | |
| | | | |
| | | | |

Signature of the customer

Signature and the stamp of the Restricted Dealer

Balance Statement for the Money Changers who are Permitted Only to Buy and Exchange of Foreign Currency Notes

Balance Statement from (Date) to (Date)

| Currency Type | Opening Balance | Total Foreign Currency Purchases | Exchange in to Other Foreign Currency | Sales to the Authorized Dealer | Closing Balance |
|----------------------|------------------------|---|--|---------------------------------------|------------------------|
| USD | | | | | |
| GBP | | | | | |
| EUR | | | | | |
| Other Currency | | | | | |

Note: You may extend the rows needed for other foreign currencies.

**Balance Statement for the Money Changers Who are Permitted Sell Foreign Currency
Notes Against Sri Lanka Rupees**

Balance Statement from (Date) to (Date)

| Currency Type | Opening Balance | Total Foreign Currency Purchases | Exchange in to Other Foreign Currency | Sales to the Authorized Dealer | Sales to the Public | Closing Balance |
|----------------------|------------------------|---|--|---------------------------------------|----------------------------|------------------------|
| USD | | | | | | |
| GBP | | | | | | |
| EUR | | | | | | |
| Other Currency | | | | | | |

Note: You may extend the rows needed for other foreign currencies.

Monthly Statement of Foreign Currency Deposits

Name of the Restricted Dealer / Branch :

Permit No. :

Reporting Month & Year :

| Type of Currency | Currency Code | Total Deposits |
|--|---------------|----------------|
| Utd. Arab Emir. Dirham | AED | |
| Australian Dollar | AUD | |
| Bahrain Dinar | BHD | |
| Brunei Dollar | BND | |
| Canadian Dollar | CAD | |
| Swiss Franc | CHF | |
| Chinese Yuan (Renminbi) | CNY | |
| Cyprus Pounds | CYP | |
| Danish Kroner | DKK | |
| Euro | EUR | |
| British Pound | GBP | |
| Hong Kong Dollar | HKD | |
| Indonesian Rupiah | IDR | |
| Jordan Dinar | JOD | |
| Japanese Yen | JPY | |
| Korean Won | KRW | |
| Kuwait Dinar | KWD | |
| Malaysia Ringgit | MYR | |
| Norwegian Kroner | NOK | |
| New Zealand Dollar | NZD | |
| Omani Rial | OMR | |
| Philippines Peso | PHP | |
| Qatar Riyal | QAR | |
| Saudi Arabian Riyal | SAR | |
| Scotland Pound | SCP | |
| Swedish Kroner | SEK | |
| Singapore Dollar | SGD | |
| Thailand Baht | THB | |
| US Dollar | USD | |
| South African Rand | ZAR | |
| <i>If there is any type of currency other than mentioned above, you may extend the rows.</i> | | |

I have examined the relevant documents and confirm that the above mentioned information is true and correct.

.....
Signature & Seal of the Restricted Dealer.....
Signature & Seal of the Bank.....
Date.....
Date

